P 170 F K

Previous

App. F. IX-4

CS 128-25(9) CS. 11-28(1-4)
" 128-27(1-3) 97 7-287
Previous References 1936.
CS 84-23(84-12) CS 82-32(1-2)
" 40-26 (1-3, 6-4) " 128-25(1-8)
" 87-36-(1-4) " 82-26(1-4)
" 93-34 (1-6.
Letter References.
CS 63-39 (1-10, 12, 13, 15, 16)
" 52-41- 142

File No. 11-36

Serial Nos. 43, 52
90, 117, 271, 278, 291
295, 301, 303, 312, 313
315, 316, 317, 320

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 16.

Part B for May 39

SUBJECT.

Proposal to permit the Apex Bank to draw cash credits to the extent of Rs 6 Lakhs with interest at 4½% per annum.

Rl 020) To Dy Regr of C S
" Comptroller Mys & Coorg
" Asst Comr
WD 0418—GPB—22,500—29-8-36
No C 9811-13 & 13/16-5-39

Correspondence regarding the financial assistance to the Mysore Provincial Co-operative Apex Bank Ltd.

DRO

3649

GENERAL AND REVENUE SECRETARIAT.

(G.S.)

NOTES.

File No. 11-36

FILE HEADING.

Recommendations of the Committee on Cooperation in Mysore

FROM The Registrar of Cooperative Societies in Mysore

No. 5641 Dated 9-1-37 Received 11-1-37

Diary No. 3649 Enclos. — Spare copies — Serial No. 43

BRIEF ABSTRACT OF LETTER

Recommends that the Apex Bank may be permitted to advance loans to individual members of the Apex Bank on the security of their deposits.

NOTES AND ORDERS.

1) Section 29(1) of the Co-operative Laws says that "A registered society shall not make loans to any person other than a member provided that with the consent of the Registrar a registered society may make loan to another registered society".

2) Govt while accepting the recommendations of the Lamadon Committee for a creation of an Apex Bank observed that it was necessary to have a majority

NOTES—First Sheet

organised Apex Bank to finance primary societies in the State and desired that the Provincial Co-op Bank may be converted into an Apex Bank; the Central Bank being restricted to deal with individual members only; and directed in their order dated 6/12/29 that the Apex Bank shall restrict its loans only to societies

3) The Apex Bank consists of at present both individual and society members. and under the regulation the individual members will also be entitled to a loan Until the Apex Bank is made to consist of merely society members and is made to be a Central financing institution meant wholly for societies, the concession of granting loans to individual members, at least on the security of their deposits will perhaps have to be granted. But the Committee on Co-operation are of opinion that there is no dearth of urban banks or other primary societies capable of meeting credit needs of individuals. That being so there is no good reason why the Apex Bank should not in future confine itself to its proper and legitimate function of financing primary societies. The Registrar ~~which~~ observes that if the concession of getting loan on security of ~~the~~ deposits is denied to individual members many of the deposits will be

Page 13

Issue of loans to individual members of the Apex Banks

3647

General and Revenue Secretariat | File No. 11 of 1936 | App. F. III—2

Serial No.

withdrawn at maturity which would make the Banks difficult to attract fresh deposits. If the concession is granted to the Apex Banks it is possible to have complaint from the B'lore central cooperative Bank (which has been directed to issue loans to individuals only) in respect of the Govt going back on their own orders. Submitted for orders, whether the recommendation of the Registrar may be accepted

Sd CG
28/1/37

4) This question has been considered in the past ~~by G~~ and negatived by Govt. The proposal involves an amendment of the C. S. Regulation and the Committee on Cooperation who has recently an opportunity of reviewing the entire position have recorded that "As at present advised, we do not think a change is called for" (page 73) 4) Their opinion may be informed

5) has already been accepted and the Registrar informed that his proposal cannot be considered.

Sd Secy
28-1-37

Sd/ Member

29/1

29-1-37

GENERAL SECRETARY
29 JAN 1937
898

RECEIVED IN THE BANGALORE COUNCIL.
29 JAN 1937

WD 0417—GPB—30,000—8-9-36

Issue of loans to individual members of the Apex Bank

b S File No. 11 of 1936. | General and Revenue Secretariat

Serial No.

b) What is the aggregate amount of deposits from nominal members, from non-members, and from society members?

NLG
4/1(2)/37
Qno
4/2
LG
5.2.37

6 FEB 1937

7) Draft Lr to Apex Bank
Sd/- C.G.
5/2/37

8) Issued
LG
5.2.37

To: The Registrar of b S D 5327 9-2-37 52

Request to intimate the aggregate amount of deposits received in Apex Bank from its members, non-members, and from Society members.

Sd/- A
10 FEB. 1937
10/2/37

DEVELOPMENT BRANCH.

90

Letter No. 7936 dated 31st March 37 from the Registrar Co. furnishing particulars about the deposits

It is learnt that out of the deposits of Rs 32.10 lakhs a sum of Rs 21.05 lakhs is from non-members, Rs 5.92 lakhs from individual members and Rs 5.13 lakhs from Society members. Submit for orders

Sd/-
3/4/37

GENERAL SECRETARIAT
5 APR. 1937
1132

Refer Para 6.

A) Asst Secy LG
3.4.37

Second m) LG
5/4/37

OFFICE OF THE SECOND MEMBER OF COUNCIL
6998

LG
5.4.37

Notice to non-members [illegible]

5-5-37

General and Revenue Secretariat — File No. 11 of 1936 — [App. F. III—2

Serial No.

1/2 would accept the proposal of the Registrar as a workable measure — for one year in the first instance.

Sec
8/4/37
Govt
8/4/37
Ly 8.4.37

1. G.O
Draft letter to Govt for appl.

to
19/5/37

The order is very lengthy. please bring up

Ly 20.5.37

Draft G.O as per instructions & letter to Govt

to
20/5/37

Sec Rev Ly 21.5.37

Govt 24/5

Issue
Ly 24.5.37

GENERAL SECRETARY. 21 MAY 1937 2563

1/7 To. The Registrar of C.S. D 8013. 28-5-37

Accepts the proposals of the Registrar of C.S. that the Apex Bank be permitted to advance loans to its individual members on the security of the deposits.

Govt

NOTE—Contd. on [illegible]

WD 0417—GPB—30,000—8-9-36

23 JUNE 1937 DEVELOPMENT BRANCH

5368/36 & 7039/37

bs File No. 11 of 1936. | General and Revenue Secretariat.

Serial No. 271

Letter No 1074 dated 13/6/38 from the Registrar of Cs. requesting that the Apex Bank may be exempted from the operation of Sec 29 (1) of the Act

1) It is submitted that the question of advancing money to non-members on their fixed deposits has been discussed on the two files placed below and Govt have definitely stated that the practice should be put a stop to. The committee on Cooperation who have considered the question (Page 73-74 of the report) are decidedly against the practice of issue of loans to non-members of Cooperative Societies. This view has been agreed to by Govt while passing orders on the recommendations contained in Chapter IV of the Report. bs. 93-36 bs. 87-35 Page D

2) The Registrar now represents that nearly a lakh of rupees of deposits are now lying in the J.C. Bank and that the Apex Bank is a loser of the benefits and also that it may lead to a shrinkage in deposits in future. and requests that the Apex Bank may be allowed to issue loans to non-members on the security of their fixed deposits. exempting the Bank from the operation of the Act

2) It is submitted that apart from the

5368/36 5703/37

General and Revenue Secretariat

GJ File No. 11 of 1936 [App. F. III-2

Serial No.

question of issue of loans to non-members for which Govt are definitely against, even the question of issue of loans to individual members of the Bank Govt have agreed to the proposal of the Registrar as a tentative measure

2) ~~It is~~ Not only the Apex Bank but also other cooperative institutions especially in the Cities of Bangalore and Mysore and several other Taluks hold large deposits from non-members If the Apex Bank is to be known the concession of issuing loans to non-members exempting it from the operation of Section 29(1) of the Act, other Cooperative institutions like the Bangalore Central Coop. Bank, the City Cooperative Bank and some other banks are sure to put in their applications on the same plea as the Apex Bank and it would not be fair to deny them this privilege while the same is accorded to the Apex Bank. And a gradual extension of the exemption would make the provision in the Act nugatory and void. It would perhaps be inadvisable in the interests of the movement, to accede to the request of the Bank to exempt it from the operation of Sec 29(1) of the Act as the same is clearly against the

NOTE—Contn. Sheet.

5368/36 5 7039/37

bs File No. 11 of 1936. | General and Revenue Secretariat

Serial No.

Principle of the movement as embodied in the Act from time to time. Opt reply to the register bs. regretting their inability to accept his proposal is subt for consideration and order

bs 9/7/38

22) ~~This is exactly the difference~~ The distinction between a Corporation Bank and any other kind of J.S. Bank would be lost if this proposal is appd. & the principle that Coop. credits are meant only for the benefit of the Cooperators wd also vanish. The Apex Bk. has necessarily to forgo this sort of business.

KS 13.7.

Secy. & S.C.I

23) The draft reply to the Registrar is for consideration.

13.7.38

KS 13.7

(Member)

SECOND MEMBER OF COUNCIL. 13 JULY 1938 No. 1.46

RM

24) 14/7/38

14.7

25) Issue

KS 15.7

Serial No.	
278	No. D 558 dy 20-7-1938 to the Registrar C.S. State that Govt. do not consider it desirable to grant such an exemption.
291	Letter No 3325 dated 5/9/38 from the Registrar of C.S. requesting exemption of the Apex Banks from the operation of Sec 29(1) of the C.S. Act (a) The reason now urged by the Apex Bank is that there will be a shrinkage in debts and the earnings of the institutions will be reduced very much. In another connection i.e. regarding the exemption of the Central Financing institutions from the operation of the Agri Relief Act the Registrar has reported that a sum of over Rs 22 lakhs is due to the Apex Bank from the indebted societies. Out of a total debt of Rs 29 lakhs a sum of Rs 22 lakhs is on Financing of these societies. and it is problematical as to how much of this will become ~~bad~~ realisable and how much of it will be bad debt. Information as to the amount of loans granted ~~to~~ for the clearing of debts to individual members and non-members during the last six years and the interest realised thereon may also be

NOTE—Contn. Sheet.

obtained. The accumulation of such large amounts against which the principle of the general recovery in the economic condition of the people. So the Bank thinks that the matter can be decided about the method adopted by the Bank in recovering the amounts due to it. Information may also be obtained as to the amount of loans granted to agriculturists, the realisation, principal and interest, the amounts overdue - both the heads. A detailed report as to the methods adopted for recovering the overdue amounts may also be obtained. Put before Hon'ble for consideration

Ls 9/9/38

2) The decision in this matter was taken last time, basing it on a principle. The Apex Bank now press for a reconsideration of the decision, as a matter of expediency. The Registrar is in favour of it and says that in the Punjab and the Province of Behar & Orissa such a privilege is allowed.

3) The object of issuing long term loans on the strength of short term or

Serial No.

1 SEP 1936

time deposits seem to be rather high, and, at any rate needs very careful planning; etc they close approximation between the amounts likely to be called by the depositors (& also the times of such calls), and the receipts of loans, is needed.

Secy - d 8.9.38

10.9.

2) Write draft pleasantly regretting the delay in the observations not communicated except in the case of Punjab, and where called for the information, call for all the information required in their observations.

10.9.38

10/9/38

3) Draft letter to the Registrar is laid for consideration

12/9/38

3) Issue.

13.9.

295 No. D. 1836 dt 15-9-38 To the Registrar C.S.

Calls for the full information on all the items referred to therein.

NOTE—Contn. Sheet.

WD 0284—GPB—30,000—13-8-37

2 1347 of 1706

bJ File No. 11 of 1936. General and Revenue Secretariat

D.O. letter No. 462 dated 22/9/38 from the Registrar of Cooperative Societies explaining the position of the deposits of the Aden Bank and requesting exemption from the operation of the 29(1) of the Co. Act.

2) The Registrar of Cooperative Societies has not furnished details asked for and has stated that the information will be forwarded in due course.

In the meanwhile he has approached Govt for exemption of the Bank from the operation of sec 29(1) of the Co. Act. The argument that the Registrar has in his view is that the deposits are diminishing and that it is difficult to carry on without the exemption being sanctioned. The credit of a Bank depends largely on its management and declaration of suitable dividends. It is perhaps because the public have no confidence in the institution due to the bad management either in issuing loans keeping or other causes resulting in the heavy depreciation etc in 1934-35, they are not renewing their deposits. The outstandings against the banks are to the amount of Rs 22.26 lakhs at the end of June 1938 and the collections during the year were about Rs 67000 against a total demand

Serial No.

of Rs 16-44 lakhs during 1939-38 and the percentage of arrears under all heads was 77-96 against 76-6 in the year previous. This shows that collections have been poorer during the current year 1937-38 than in the year previous. Unless the Bank makes greater effort to have better recoveries it cannot command the confidence of the public for the attraction of deposits.

33) In Paras 2 & 3 of his letter the Registrar of Co refers to societies existing in British India and the resolution of the Indian Provincial Co-op Banks' Association etc on the subject. It is true that the principle of Co-operation is to pool the resources available together for the benefit of the members of the co-operative institution and not for outsiders. Such being the case it is rather strange that this responsible body should pass such a resolution and it leaves me to doubt whether this body is genuinely "Co-operative" in its character or a body of self seekers to name the joint stock "banks in the name of Co-operation" with all its concessions and exemptions from the heavy provisions of the Companies Act. Perhaps, it is high time the Bombay Government to adopt Banks report of such a policy.

Unnecessary

16/7/40

NOTE—Contn. Sheet.

Serial No.

34) It is noticed that in their letter dated the 7th June 1927 Govt expressed their readiness to advance upto a lakh of rupees to the Bank whenever such an advance was required and to grant an extension on terms to be mutually agreed upon as regards rate of interest and period of repayment. They also agreed to in their letter dated 22/6/27. Ref V Ref G

Grant or loan of Rs. one lakh for three years to begin with at an interest of 5% in the first two years and 5½ per cent in the third year and declared their readiness to give a further sum credit of Rupees one lakh on the same conditions for the same loan building societies. They actually sanctioned a sum of Rs 1.5 lakhs to the Apex Bank in 1935 at 5½ per cent. The Bank did not avail of the concession granted in 1927 and have after in 1935 permission to draw the loan sanctioned to it before the end of June 1943.

35) When the aim of the Apex Bank is to finance only the Cooperative societies that are affiliated to it, and when the system of granting advances even to individual members on the security of deposits has been continued temporarily it is for consideration whether the system of granting advances to non-members on the security of their deposits which is uncooperative in character

Serial No.

and which will destroy the very foundations of the Cooperative structure, is to be accepted simply because the deposits are shrinking and the system exists elsewhere. The Bank has to strive hard to regain the public confidence and cannot depend upon the outside Government for long. If it has to face any temporary financial crisis it can approach Govt for temporary financial help but in the meanwhile the orders have to be effected and attempts made to have the loans properly secured. The revaluation of the securities on loans and taken by the Bank in 1936 is still going on.

36) In the foregoing circumstances it is for orders whether the question may be taken for consideration after the particulars called for are furnished by the Registrar. Subs

Sd
3/10/38

37) The institution seems to be in a bad way. & The outstandings are very heavy and the recoveries very poor, — the direct result of indiscriminate grant of loans and very unsystematic action in getting about & recovering them promptly. The remedy for and seems to lie in allowing

NOTE—Contn. Sheet.

File No. of 193 .

General and Revenue Secretariat

Serial No.

receipt of deposits from non-members and grant of loans thereon in an inadequate measure; it would only make matters worse though. It would appear that such loans are covered by such deposits. In fact, to deposits (the long term ones at any rate) would perhaps be resorted in granting loans again and many of these loans would again be difficult to recover. The proper remedy would seem to be for the institution to put its own house in order first, by more rigorous recovery of all overdue loans, better circumspection in granting loans, immediate completion of revaluation of securities, obtaining proper securities for loans that are unsecured or in respect of which the securities have depreciated, writing off bad debts etc. By any extraneous and unnecessary attack on this own person of temporary difficulties, the proper

1706

Apex Bank — Granting loans on Deposits.

General and Revenue Secretariat | CS File No. 11 of 1936. [App. F. III–2

Serial No.

SECOND ... SIL. 5 OCT 1938 No. ... 2541

Course would appear to be to obtain some accommodation from Govt. The Bank cannot perhaps depend on outside deposits always, Especially now when the Stock of the ~~Local~~ Bank seems to have gone down because of the various irregularities; a good deal of shrinkage in the deposit amount may be due to this reason. Both on principle and on facts, this does not seem to be a desirable procedure.

K.G. 5.10.

(Secy. to G.)

5.10.38

38/ (11 members)

The Secy. may please discuss this with the Registrar & President Apex Bank

8/10/38

39/ Submitted for orders as to the date and time, when the Secy. wants to discuss with the Registrar and the President, Apex Bank regarding requests to meet the Secy. for discussion.

10/10/38

13/10.

(Secy. to G.)

16/10/38.

SECY. LOCAL SELF GOVT. 15 OCT 1938 GOVT.

NOTE—Contn. Sheet.

8

1706 / 2302
1895

Affairs of the Ryot Bank Ltd

(6) File No. 11 of 1936.

General and Revenue Secretariat

Serial No.

SECOND MEMBER
29 OCT 1938
No. 3.2.9.

(1) A note received from the Registrar C.S. on 28.10.38 together with certain statistics connected previously to a discussion with the Registrar and the President of the Ryots Bank Ltd submitted for perusal.

(2) The Registrar has been requested to see the Finance Member some day next week in connection with a note given by him re. investments on the affairs of the Ryots Bank.

29.10.38

29.10.38

II member)

(3) The papers may be submitted to Mr. Dewan for perusal through the Fin Secy.

If the Dewan finds time, I suggest that he may kindly grant an interview to the Registrar, Mr. C.S. Ruthnaswami Iyengar & Mr. K. R. Srinivasa Iyengar — the Fin Secy & myself being also present.

Secy 1.11.38

Reg's memo explaining points raised by Mr. Srinivasaiengar is also kept in the file.

1/11/38

1/11/38

(4) Fin Secy)

1-11-38

2.11.38

(5) Dewan)

2.11.38

2.11.38

2301 / 5230

Arya Bank — Grant of loans & deposits

General and Revenue Secretariat

C.S File No. 11 of 1938. [App. F. III-2

Serial No.

3 NOV 1938
3.4.83

49) The Dewan was pleased to say at the meeting with the Registrar on 2-11-1938 that the Hon'ble Member may grant the interview

3.11.38

Hon'ble Member)

3.11.38

50) We may request the Registrar, Mr. C.S. Kuppuswami Iyengar to meet me at 3 P.M. on Friday the 11th inst. The Financial Secretary & the Legal Adviser may kindly be present. We need not trouble Mr. K.R. Srinivasa Iyengar until the specific points on which the co-operation of the Land Mortgage Bank is required are formulated

4/11/38

51) Please put up the letter to the Registrar from C.S. Iyengar

4.11.38

4.11.38

52) Draft D.O. letter to the Registrar & the President of the Arya Bank is submitted herewith. After issue the file will be sent to the Finance Secretary for perusal

4/11/38

53) For approval

5/11/38

Secy: F&S

5/11/38

NOTE—Contn. Sheet.

Issued Vide D 3986-ET dt 5.11.1938
To the Registrar C.S & Mr C.S. Kuppuswami Iyengar, President of the Arya Bank

2302 [illegible] Appointments Department

File No. 11 of 1936 | General and Revenue Secretariat

Serial No.

D.O. Letter No 553 dated 4-11-38 from the Resident C.S. Hatim that as he will be away from Headquarters for a week from the 7th instant the meeting may be fixed after the 14th

55) The D.O. letter issued as withdrawn Submitted with reference to Para 50 above

5/11/38 55) Secy: LSG 5/11/38

SECOND BR. OFFICE
5 NOV 1938
No. ... 1553 ...

57) Reference para 50. Consider after the 14th which may kindly be fixed for the meeting with the Resr CS and the CS in Council.

5/11/38

58) Numbers agree - meeting may be fixed for 15th inst.

7/11/38 58) 7/11/38

59) Instructions from CS in Council accordingly

7/11/38

60) Draft D.O. is submitted for approval

7/11/38 61) [illegible] 7.11.38

Secy LSG

62) [illegible] 8/11/38

8/11/38

TYPING SECTION
GENERAL & REVENUE

REPLY

(*To be written on this margin.*)

OFFICE OF THE
SECOND MEMBER OF COUNCIL

NOTE

Dated 29/10/1938.

OFFICE OF THE
SECOND MEMBER OF COUNCIL
29 OCT. 1938
No. M.115

GEN. & REVENUE SECRETARIAT.
31 OCT 1938
2301
DEVELOPMENT BRANCH.

63) Herewith a memorandum given to me by Mr M. A. Srinivasa Iyengar on the affairs of the Provincial Apex Bank. The Registrar, C.S. may be requested to speak to me about this at 3 p.m. any day next week — after ascertaining over the phone that I am not otherwise engaged.

Secy Ldg

with Compliments
G.O. No 113 Dated 29-10-38

Office of the Registrar of
Co-operative Societies
31 OCT. 1938
No.

64) Forwarded with compliments to the registrar of Coop Societies.

Secy to Govt
Ldg

5429 82 11/38. 29.10.38
Encl 1 file

65) Returned with Compliments. The matter was discussed with the Member as directed yesterday.

Yours faithfully

1/11/38

Registrar

Affairs of the Apex Bank

W

General and Revenue Secretariat — File No. 11 of 1936. [App. F. III–2

Serial No.	
66	The file may now be sent back to the Fin Secy for perusal of the orders in Para 50 above Subs Sd/- 9/11/38 Sd/- For Perusal 10.11.38 Fl: Secy 11.11.38

FINANCIAL SECRETARIAT
U.O.No.Fl.1385
11 NOV. 1938
MADRAS.

NOTE—Contn. Sheet.

2454

Proceedings of the meeting held in the Second Member's Chambers on 15-11-38 with the Registrar of Co-operative Societies, Mr. C.S. Kuppaswamiengar, President of the Apex Bank and the Financial Secretary. The Revenue Commissioner Mr. K.V. Anantharaman was also good enough to be present.

The present position of the Apex Bank and measures necessary to place it on a satisfactory basis was considered on the basis of the notes prepared by the Registrar of the Co-operative Societies and the President of the Bank. The recommendations and the conclusions are noted below:

1. Immediate promise of a loan of Rs. 4/- lakhs by Govt. to the Bank to infuse confidence among the public and to enable the Bank to meet the obligations that will arise before the close of the official year 1938-39

2. The fluid resources of the Bank are haraly Rs. four lakhs, while the current deposits held by it amount to 2½ lakhs and the fixed deposits already matured for payment aggregate Rs. 2.25 lakhs, and those maturing in the next nine months amount to Rs. 4/- lakhs. Thus the Bank will have to meet the demand for more than Rs. 8 lakhs during the next few months. The Bank has therefore to arrange for an immediate loan of at least Rs. 4 lakhs at as low an interest as possible. Govt. have already promised a loan of Rs. 1.5 lakhs to the Apex Bank for advancing to House Building Societies and a Cash Credit of another two lakhs of Rupees

making a total of Rs. 3.5 lakhs. The Bank has already applied for the renewal of sanction to the loan of Rs. 1.5 lakhs. This may be sanctioned. The President further requests that the restriction that it should be utilised only for advancing to House Building Societies may also be removed. This too may be done, as the advances so far given to the House Building Societies are from the normal resources of the Apex Bank, the additional accommodation will thus be only Rs. 50000/-. The Financial Secy said that there should be no difficulty in giving this relief.

11) 2. Permission to raise debentures carrying interest at 3 to 3½ % to the extent of Rs. 20 lakhs repayable in 20 to 25 years, Govt. guaranteeing both principal and interest.

The Bank holds (on 1-11-38) deposits to the extent of nearly Rs. 27 lakhs. Against this the loans, cash credits and advances recoverable amount to nearly Rs. 23.5 lakhs. While the demands from the depositors for withdrawals are increasing, the renewals of deposits and fresh deposits are not encouraging. On the other hand the Bank is finding it very difficult to collect the loans &c. which are mostly overdue. The Bank may have to spread the recovery of the arrears over a number of years varying from 20 to 25 years. In order to do this the Bank requires long term capital at a low rate of interest and proposes raising debentures as deposits amounting to nearly Rs. 13 lakhs will also mature during the next three years. The total amount of debentures to be sanctioned may have to be Rs. 20 lakhs with the understanding that only such amount will

be ~~received~~ raised as is absolutely necessary to meet the demand. The debentures also will not be for ~~receiving~~ raising fresh capital but only for converting the existing long term deposits carrying high rates of interest into debentures on a low rate of interest. The raising of the debentures will also enable the Bank to repay the loans ~~therein~~ bearing heavy rate of interest in some cases as high as 7½% - and thus save nearly Rs. 50000/- per annum in the shape of interest alone. It was suggested that the Financial Secy. may have an informal and personal discussion ~~which~~ with Mr. Peradon, the Manager of the Bank of Mysore, to ascertain from the Bankers' point of view how far the assets and the liablities of the Apex Bank would justify the raising of debentures and the guarantee by Govt.

72) 3. Improvement in recovery from Socieites and the loan of services of 8 Inspectors from the Department for the purpose.

As most of the debts are ~~xhx~~ frozen the debts due by members have to be thoroughly examined with reference to security and repaying capacity and a consolidated bond for the principal and arrears of interest, (less any reasonable remission) on the same securities or additional securities wherever available, will have to be taken. Attempts will have to be made to dispose of, as quickly as possible, the lands purchased by the Societies and the Bank, in the execution of decrees or in land revenue sales and the execution of

25

decrees pending in the Rev. Department expedited. This requires intensive and continuous attention. The Bank has all along depended upon the Departmental Inspectors for attending to this work though asked to maintain from time to time an adequate field staff to attend to the supervision of Societies indebted to it. The Departmental Inspectors have found it difficult to attend to this work in addition to their normal routine work. The Bank has no doubt a staff of 5 Inspectors for 8 Districts, but their jurisdiction is too large. The loan of 8 Inspectors as in the case of the Land Mortgage Bank was therefore ~~suggested~~ requested. It was suggested to the President that he might concentrate the efforts of 2 or 3 Inspectors in one area where the overdues were highest and see what results this would produce. The Registrar was also requested to instruct his own Inspectors to examine the decrees pending in Taluk Offices and bring the causes of delay to the notice of the Amildar so that the execution may be expedited. The Rev. Commr. ~~was~~ may be requested to issue circular orders to all Amildars to give facilities both to the Inspectors of the Bank and the Departmental Inspectors for such examination.

13) 4. To continue the appointment of Secy. for another two years, Govt. meeting his entire salary ~~and~~ allowances and pensionary contribution:

The present sanction expires by April 1939. The present Secy. has been examining the affairs of each indebted Society and is making suggestions for expediting recoveries and the rehabilitation of societies. This work involves time

and so his services have to be continued for at least another two years. But in this critical period the Bank is not able to bear this additional expenditure. Hence the request. This question may be considered on its merits

5. Permission to make advances to non-member depositors on the security of their deposits:

May be continued for a few more years.

More than 82% of the deposits of the Bank are from individuals and about 18% from Societies. If depositors are not accommodated in times of need, they would go to other banking institutions where they can get such accommodation. Since the facility was withdrawn the income by way of interest on these advances has fallen from about Rs. 14000 to about Rs 6000 per annum. Whatever be the theoretical consideration, this is a certain and secure source of income which the Bank can derive from non-members to the benefit of members. The amount of advances so given is also on an average about Rs 1.5 lakhs against the deposits of nearly Rs 25 lakhs. The concession may therefore be continued if legally permissible.

6. Application of Sections 60, 63, 65, 66 67, 68, 70, 71, 73 and 75 of the Co-operative Societies Act to the Societies indebted to the Apex Bank:

These in effect amount to the same facilities being extended to the Apex Bank as to the Land Mortgage Bank. As the Apex Bank has in the past done the work of the Land Mortgage Bank

Bank by giving long term loans on the mortgage of lands, which has led to its present financial difficulties, the request seems to be reasonable and may be sympathetically examined. The question of attaching crops for ~~arrears of~~ instalments pertaining to one year may be ~~examine~~ re-examined with reference to the practice in other Provinces.

7. Reduction of expenditure on staff:

The Registrar thinks that there must be some retrenchment in staff and that the scale of salaries in the Bank is liberal compared with salaries in Govt. Offices and other Co-operative Institutions to persons of similar work and qualifications. The President may examine this question thoroughly and effect suitable retrenchments.

77) A copy of the proceedings of the meeting has been sent to the Financial Secretary for taking necessary action on the question of raising debentures by the Urban Bank. Copies of proceedings have also been kept in the files re the amendment of section 66 of the Co-op. Act and the grant of loan to the Urban Bank for financing house building societies, for taking necessary further action. The question of continuing the present secretary for a further period of two years first bearing the entire cost has been ordered to be considered on its merits. It is for orders whether this question may be taken up when a reference for the continuance of the existing Secretary comes after the expiry of the present term up to date. A copy of the proceedings will be kept in this for taking necessary action when the letter is received.

78) The questions that remain for consideration in this file are 1) additional accommodation of Rs 50000/= to the Urban Bank 2) mode of recovery of the overdues 3) the continuance of the system of advancing loans to non-members depositors on the security of their deposits and 4) restriction in expenditure on establishment of the Bank.

As the system of advancing loan to non-member depositors has been ordered to be continued by legally permissible, orders will be issued on the additional accommodation, mode of

NOTE—Contn. Sheet.

24 Je 5696

Affairs of the Apex Banks

Eg

65 File No. 11 of 1936 | General and Revenue Secretariat

recovery of the overdues and the remaining question in connection with the establishment in the Bank and the file will thereafter be referred to the Law Section for advice, on the remaining question

50) If this procedure is approved, a draft order on the three points mentioned above will be drawn for consideration

6/12/38

51) A. May be done

Refer: Proceedings of the Meeting 9/10/11/36 6-12-38

x-1) I met Mr. Peradon, Manager, Bank of Mysore on the 10th instant and consulted him on the point. He generally went through the financial statements of the Bank and said that the Debentures should be raised only for a short term -- say, seven to ten years -- as a long-term investment in Co-operative or Joint Stock concerns is not likely to be viewed favourably by the public at the present juncture. He added that if the Bank desires to raise debentures without Government guarantee, ~~the rate of interest~~ the rate of interest should be about 5½%; and even with Government guarantee, the rate of interest should be at least 4%. He also said that whether the debentures are issued with or without Government guarantee, the prospectus will have to clearly mention about the ~~fi~~ present financial position of the Bank, the need for the debentures, and how the Bank will be in a position to meet the sinking fund and interest charges on the debentures, from

A.

File rather on 1 for this and 2 as the first 2 are on 51

Serial No.

the annual income earned by the institution.

(83) Without Government guarantee, the response to the debentures will be poor, particularly in the present financial condition of the Bank and also in the light of the ~~xxxxx~~ crash in the money market owing to the winding up of the Travancore National and Quilon Bank and the failure of other Banks. With Government guarantee, it may be possible to raise debentures at 4% interest, subject to payment of Income Tax and the period of the debentures may, I think, be longer -- say 10 years at the option of the Bank and 15 years in any case. If exemption from Income Tax is allowed as in the case of Land Mortgage Bank Debentures, it may be possible to issue these debentures at 3½%. Since the debentures of even the Local Bodies are not exempt from Income tax, I think that no exception need be made in the case of these debentures.

(84) If Government guarantee is required, it seems reasonable to charge a small commission (say, at least half percent) In respect of the Mysore Paper Mills, the guaranteeing commission is fixed at one per cent for the first year and one and a half per cent thereafter. This means that the rate of interest will be 4½%, which is the rate charged on our loans and overdrafts to Local Bodies and the Apex Bank and the Land

NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-83

Mortgage Bank.

85) Before taking any action in this matter, it is very necessary, as Mr. Peradon has pointed out, to get a detailed report from the Bank, as to how it will be able to pay the sinking fund and interest charges on the debentures to be issued, from the annual income, after meeting the working expenses.

A.G. 13.12.35

86) Please obtain the report from proceedings from up. Report will be called for from the Manager C.S. Bank (Apex Bank) on A. 14.12.35

II Member)

14.12.35

87) Yes — urgently

16.12

88) please put up after letter from

17.12.35

17.12.35

D.O. Letter No 661 dated 7-12-38 from the Rev. Ct. forwarding a copy of letter on the panel of advocates No 24 called by the Govt of Bombay to the Provincial Bank

D.O. Letter No 678 dated 15/12/38 from the Rev. Ct. forwarding a copy of the Bombay Provincial Bank of Balance Sheet on the panel of loans to individuals on deposits

89) Draft letter to the Rev. is submitted

17/12/38

90) For approval

Secy. 19.12.35

17.12.35

91) Please

19.12.35

91) Done 19/12

4269/P

22

Serial No.	
312	No. D 5608 dt 21-12-38 fr the Regr C.S. Calls for a report as to how the Bank Alex will be able to pay the Sinking fund and interest Charges on the debentures to be issued from the annual income after meeting the working expenses.

93) As further information has been called for on the question of debentures, the opinion of the Law Secretariat will be obtained in regard to the Continuance of giving advances on the security of deposits (Para 74 above). The file if any will be sent to the Law Asst for favour of opinion and a consolidated note will be put up on all the points after final views are passed. Sd/-

22/12/38

93) Law Section may be consulted.

Addl Secy

26/12/38

93) G. 27/12

22/12/38

94) Asst Secy Law

W/c for favour of opinion

29/12/38

Law 2 38-39

95) As explained in para 10 of Note in S.S. 93-34-1936, the proposals

NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-83

not admissible under the law as it stands, and if the grant of such loans is considered desirable or necessary, the law has to be amended. The Committee on Cooperation considered it unnecessary & inexpedient to permit the Bank to grant loans to non-member societies.

Sd
31/1/39

Add Secy

q6) Sec 29 prohibits granting of loans to non-members. But Govt may by order ~~under~~ under Sec 47 exempt a registered society from this prohibition. It is for consideration if under the circumstances explained by the Apex Bank it should be granted this exemption. This may be considered after the information on the other points is received

G 31/1/39

Sd
31/1/39

q7) The receipt of the information from the registrar, who was addressed on 21/12/38, will be awaited till 15/1/39 and a reminder will be issued thereafter. Subs

q8) Issue a reminder to

Sd
5/1/39

Serial No.

Registrar

5/1/39

(4a) Copy of letter to the Secy is sent herewith

6/1/39

(10) 6/1/39

Issued No 1 606 dated 9-1-39

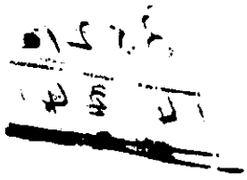
Ls "A"

10/1/39

313

Letter No 8318 dated the 17th January 1939 from the Registrar Co. forwarding the Copy of letter from the President of the Apex Bank.

(01) The Registrar was requested to intimate as to how the Bank will be able to pay the Sinking Fund and interest charges on the debentures to be issued from the annual income after meeting the working expenses. The reply received does not state anything but simply refers to the saving in interest to the extent of Rs 27492/- from 1943-44. The saving in the current year and next year is expected to be only Rs 5236/- and Rs 9886/- respectively. From the report for 1938-39 it is seen that against an income of Rs 196421/- from all sources the Bank has to spend Rs 35210/- for working expenses, leaving a balance of Rs 161211/- which it has paid as interest on deposits against a paid up capital of Rs 2.56 lakhs the Bank



NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-38

35 3259 / 3835

has a general reserve fund of Rs 1·73 lakhs only and an inner reserve of Rs one lakh. From the statement received it is seen that deposits of nearly Rs 4·20 lakhs mature before the end of June 1940. The Bank has now to raise a debenture of at least Rs 5 lakhs only to meet the demands. Even taking into consideration that the debentures are payable after 20 years and the rate of interest is 3½ per cent. the Bank has to make a sinking fund Contribution of Rs 25000/- a year and pay an interest of Rs 17500/- which comes to Rs 42500/- From the D.C.'s statement of recovery of loans it is seen that the recoveries from each year to year and the percentage of overdues is shooting up. Besides the sinking fund & interest on debentures the Bank has to Contribute to its general reserve fund which has not been reached the level of the paid up capital. As the detailed information called for has not been received it seems desirable to definitely ascertain as to how the Bank will meet the said obligations & a copy calling for the information is sent for about 19/11/37

104) JGS Hbb 20/1/39

For Perusal before issue 20/1/39

Secy: L.S.G.

Hbb 20/1/39

103) 20/1/39

104) JGS Hbb 20/1

Floating of debentures by Ld Apex Bank
3835/4164

Serial No. 315

No D 6986 dy 24-1-39 To the Registrar C-S
Calls for a detailed report re. the floating
of debentures by Ld Apex Bank.

Letter No 8881 dated 30-1-39 from the Reg C&
Stating that the restrictions placed on the grant
of loans to non-members on their deposit has adversely
affected the influx of deposits and the depletion of the
fluid resources of the Bank and requesting sanction
to permit the Apex Bank to grant loans to non-members
on the security of their deposits

105) The Registrar had made his recommendation
on the analogy of the prevalence of this practice
in British India. This question along with others was
discussed at a Confce with the President of the
Apex Bank and the Registrar b/f. It was decided
therein that the concession sought to may be
sanctioned if legally permissible. (Para 7 of the
Notes) The Law Section was therefore consulted
The opinion of the Law Secretariat was that the
question may be considered after the information
for the other point is received (Paras 95-96).
The Registrar now represents that the order has
affected adversely the influx of deposits and has
resulted in the depletion of the fluid resources of the

NOTE—Contn. Sheet.

WD 0514—GPB—30,000—2-9-38

Grant of loans to non-members on the security of deposits

3835 J 4147

(b) File No. 11 of 1936 | General and Revenue Secretariat

Bank. It is seen from the statements furnished by the Registrar that a deposit of Rs 4,87,498/- is to mature during 1938-39, of which Rs 2,31,432/- represent deposits at 5% to 7% interest. Whether all these deposits are withdrawn at maturity merely on the ground of the stoppage of the grant of loans on the security of deposits, or whether there are any other grounds which hinder the depositor from renewing the deposits at a lower rate of interest, seems to deserve investigation. The Bank has only realised a sum of Rs 6360/- during 1937-38 by way of interest on advances made on deposits.

Submitted for orders

31/1/39

(b) Secy: L.S.G.

31-1-39

(b) Refer Section 14 (a) of the Amended Bye-laws of the Bank regarding the exemption from attachment of Sec 29 may be granted to the Bank for a few more years - say five years.

7/03

1.2.39

(b) Secy: Yes for 3 years

1/2/39

Re 1/2

2.2.39

2/2/39

Grant of loans to non-members by the Apex Bank

4(16) 54330

General and Revenue Secretariat | 64 File No. 11 of 1936. | [App. F. III—2

Serial No.

109) Draft notification is submitted for approval

Sec'y: L&Sg 31/2/39

110) For approval

Hm 31/2/39

111) Issue

Qs from 3.235

Hm 8/3/39

316. No. D 7301 Sg 8.2.1939 to the Comptroller Sg Notifying the exemption of the Imperial Bank of India from the operation of the provision of Section 33(1) for 3 years.

No. D 7302 Sg 8.2.39 Copy to the Registrar C.S. for information.

317. Letter No 9237 dated the 6th Feby 1939 from the Registrar C.S. forwarding a detailed report in the matter.

112) From the report of the Registrar of b.s. it is seen that the deposits are being withdrawn mainly because the depositors feel that all is not well with the Bank and that the Bank may not be able to meet the obligations of the depositors in full. The Registrar reports that the best way

NOTE—Contn. Sheet.

WD 0514—GPB—30,000—2-9-38

of attracting deposits is to restore the public confidence in the Bank and to arrange to speed up the recovery of the amounts due. For restoring public confidence in the Registrar says, the Bank is to be permitted to raise debentures limited to five lakhs of rupees, guaranteed by both for principal and interest. For effecting recovery the Registrar suggests that six months claims on the lines of circular dated 5-1-39 Flag K should be given to the Bank and the appropriation of recovery from the Societies will be in the same way as adopted by the Societies. Regarding the formalities of the Linking Trust the Registrar states that, the Bank can set about the necessary amendments after meeting either chance etc. He therefore request that the Aryas Bank may be permitted to float debentures to the extent of Rs five lakhs at a rate not exceeding 3½ per cent interest for a period of 20 years. the Govt guaranteeing the principal as well as interest.

113) It is submitted that out of the questions that were discussed in November 1938, the one relating to the grant of advance to non-members on the security of their deposits has been ordered to be continued for a period of three years, and the extension of section 66 of the Co-op. Act to other kind societies has been negatived. The continuance of the present tenancy for a further period

Serial No.

will be taken up after the expiry of the present term. Those that require orders of Govt are 1) immediate promise of a loan of Rs 4 lakhs by Govt to the Bank to the Bank, 2) permission to raise debentures with Govt guarantee for principal and interest and 3) improvement in the recovery of amounts due by the societies. As regard the first it is submitted that sanction has been accorded for the grant of loans & Cash credit to the Bank to the extent of Rs 3.5 lakhs for financing H.B. Societies and meeting the requirements of the Bank in times of emergency. The Bank has not drawn the amounts till now and the Financial Secretary has stated in Para 7 of the note that there should be no difficulty in providing for an additional sum of Rs 50000/-

iii) In regard to the permission to the Bank to raise debentures with Govt guarantee. it is submitted that the Registrar has reported that on the basis of the previous years' transactions it is possible for the Bank to contribute towards the principal sums and interest on debentures. His calculations on the previous collections does not seem sufficient guarantee. It is not improbable to expect heavy bad debts

NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-83

in an outstanding of over Rs 27 lakhs (both principal and interest) and the Bank will have to guarantee in its turn for the timely recovery of the amounts and adequate provision for sinking fund and interest for the fresh guarantee for debentures. To achieve this the circular instructions issued by the Registrar in January 39 should be if necessary be supplemented in order to make the Bank obligatory to recover at a least a certain sum every year towards the old outstandings and make proper contribution to the sinking fund and interest besides carrying on its normal business. Out of the amount of Rs 27 lakhs due more than half is due from Bangalore and Tumkur Dists and nearly Rs 5½ lakhs from Kadur Hassan & Kolar Dists. The Bank has five Inspectors and two Inspectresses who can be deputed to effect special recovery work. and the help of the Deputy Inspectors may also be secured by the Inspectors for achieving their object. By this and other methods the Bank will have to be asked to speed up its recoveries. The guarantee by Govt for the principal and interest on the debentures to be issued will have to depend upon the guarantee by the Bank to the adequate provision for the Sinking Fund and interest and after meeting its the normal requirements. It is the subject for consideration whether the guarantee by Govt for the debentures to be issued by the Bank, would be advisable without obtaining a definite assurance from the Bank

Copy K

Permission to the Apex Bank to raise debentures

41

General and Revenue Secretariat

F.S. File No. 6/67/5433/11 of 1936

[App. F. III—2

Serial No.

re the Contribution to the Sinking Fund and interest and without obtaining information re the course of action they adopt for fulfilling the assurance

11 Subject as regards the rate of interest and the period of repayment the Registrar reports that the debentures should be repayable after 20 years and the rate of interest not more than 3½ per cent. The Financial Secretary is of opinion that the rate of interest on the debentures ~~loan~~ which first proceeds will be borne should be 4½ per cent and the period of repayment not more than 15 years. The contribution to the Sinking Fund and interest by the Bank depends upon the rate of interest and the period of repayment of the debentures. Subject to orders with regard to Paras 82-87 above

Sto 14/2/39

12) Secy: L-Sly

14.2.39

13) Perhaps my previous remarks with regard to para 85. The Bank appear to need urgent relief. The Bank will be requested to concentrate its attention on this when its proposals are very hazy and show little reserve. Para 85 refers to proposal to issue debentures bearing interest at 3½ p.c. & repayable

NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-83

GOVT. OF INDIA SECRETARIAT U.O.No.Fl.250X 15. FEB.

118)

I agree with the Registrar of Co-operative Societies in his view that "to work an Apex Bank purely on the capital raised by debentures backed by Government guarantee is neither practical nor consistent with public policy and Banks must be able to attract the capital required by them by building up public confidence by sound and efficient management". The present unsatisfactory position is mostly due to the imprudent financial procedure followed in the past, viz., treating interest not realised as Revenue and utilising it for declaring dividends, etc., and to the heavy outstandings of loans, and the consequential inadequate profits realised in the turn over and the low rate of dividend declared by the Bank. If the outstandings are recovered speedily and the Bank is able to function properly in future, it will get large amounts in the shape of Fixed deposits as in the past. The point now to be considered is to frame suitable

Serial No.

measures to release the freezing of the credits of the Bank and to continue these measures temporarily till such time as the working of the Bank improves as the result of the increased fluidity of its resources so as to be able to inspire confidence in the public mind and attract a large volume of Fixed deposits as a result of its credit-worthiness.

119) The Bank's proposal is to float debentures for Rs. 5 lakhs at not more than 3½% per annum repayable in 20 years, with the guarantee of Government. Reference is invited to my note dated 13th December 1938. As stated therein, it is not desirable to permit the Bank to raise a long term loan. The period of repayment should I think not be more than 10 to 15 years (10 years at the option of the Bank and not more than 15 years to run in any case). The rate of interest should be not less than 3½% per annum (subject to income tax), and Government have to get a guaranteeing reimbursement of at least ½% per annum.

120) The proposal to utilise loan recoveries for the formation of the sinking fund may be approved, subject to the condition that the required contribution should be paid to the Comptroller (as Trustee) annually for being invested in the best possible manner.

121) The present unstable conditions of the money

NOTE—Contn. Sheet.

WD 0544—GDB—30,000—2-9-83

2571/39 F 4330 Permission to the Apex Bank to raise debentures

Co. File No. 11 of 1936. | General and Revenue Secretariat

market however offer no suitable opportunity for raising even a short term loan. As stated by the Registrar, it need not be assumed that the deposits held at present by the Bank will all be withdrawn on maturity. I therefore think that the question of permitting the Bank to raise debentures with the guarantee of Government may be deferred for at least six months for the present, and that, in the meanwhile, Government may agree, as a special case, to allow cash credit to the extent of Rs. 5 lakhs (to be drawn when considered necessary) with interest at 4½% per annum. After six months, we may review the actual financial results of the Bank for the current year and its cash position, and then devise suitable measures.

6438

SECOND MEMBER
9 MAR 1939
No.

6.3.39

7.3.39

8335.

7/3/39

(12) II Member 8-3

(13) F.C

(14) 9-3-39 F.C 9.3

9/3

7/3/39

Financial Assistance to the Apex Bank

4331

General and Revenue Secretariat | 68 File No. 11 of 1936 | 45 [App. F. III—2

Serial No.

25) This is a Financial case under item (xix) of clause B of the Financial Rules. Subs

10/3/39 Secy: L.S.G.J 10/3/39

(b) Under the circumstances, as proposed

11. 3. 39

Dewan) 11/3/39

(c) JMS 11-3-39

(d) For favourable consideration

13 3 39

Ch Secy) 13/3/

GOVERNMENT
11 MAR 1939
No. 6.553

Sent - 13/3,
Circulation
up
14/3

Signed
14/3

NOTE—Contn. Sheet.

WD 0544—GTB—30,000—2-9-38

4/b

For Disposal by Circulation. **No. C. 364**

of 1938-39

GENERAL AND REVENUE SECRETARIAT

Council Matter.

Subject

Proposal to permit the Apex Bank to draw (when considered necessary) cash credit to the extent of Rs.5 lakhs with interest at 4½ per cent. per annum.

(37) *Circulated to the Members of Council.*

By Order,

14th March 1939. *Chief Secretary to Government.*

7320. **First Member of Council.** (32) 15/3/39

8637 17.3.39 **Second Member of Council.** (33) 17.3

(34) Finl. Secy. With Compliments

26/3/39

(31) 21.3.39

(36) L. S. G. Secy. With Compliments.

21.3.39

(35) D Fin 21 3 39

Financial assistance to the Apex Bank

4330

General and Revenue Secretariat | 65 File No. 11 of 1936 | [App. F. III—2

Serial No. 30

D.F.N. Lubs

1-4-39

30/3/39 (35) Secy: L.S.G.

(46) Please type as revised

1/4/39

1/4/39

(41) Typed copy Subs for orgl

2/4/39

3/4/39

Secy: L.S.G.

5/4/39

Typed copy kept in file

6/4/39

(11 memos)

6.4.39

8/4

Signed. Final Note placed below

13.4.39

D.S.N. Submitted

13/4/39

Dewan)

13/4

NOTE.—Contn. Sheet.

WD 0514—GPB—30,000—2-9-38

Final Note by the Second Member of Council. 46

Subject.— Proposal to permit the Apex Bank to draw (when considered necessary) cash credit to the extent of - Rs 5 lakhs with interest at 4½ per cent. per annum.

These papers relate to the grant of financial assistance to the Mysore Provincial Co-operative Apex Bank Ltd.

In Government Order dated 7th June 1927 Government intimated their readiness to advance to the Apex Bank upto rupees one lakh on terms to be mutually agreed upon as regards rate of interest and repayment. In Government Order dated 22nd June 1927 a loan of rupees one lakh was accordingly sanctioned carrying interest at 5 per cent per annum for the first two years and 5½ per cent from the third year and a cash credit of another lakh of rupees was also allowed for financing house building societies.

As the Bank had attracted sufficient capital by way of deposits, it did not avail itself of these concessions, but financed from its own funds the primary societies-house building, agricultural and non-agricultural - to the extent of nearly rupees 33 lakhs from 1927-28 to 1933-34.

With the disclosure of the defalcation in the Apex Bank in 1935 however the progress of the Bank received a set-back and the transactions began to dwindle. The amounts due to the Apex Bank stand today at nearly 28 lakhs of rupees.

On the other hand, the deposits which the Bank - attracted from 1927-28 have begun to mature and the Bank has to repay before the end of 1941-42 a sum of nearly Rs 22 lakhs. The total liquid assets of the Bank are only Rs 7.5 lakhs, whereas the Bank has to meet an immediate liability of Rs 9.5 lakhs to the depositors during 1938-39 and 1939-40. The Bank has therefore applied for a loan of Rs 4 lakhs immediately and for permission to raise a debenture loan of Rs 20 lakhs carrying interest of 3 or 3½ per cent with Government guarantee.

49

The question as to how the Bank has to be assisted in the present crisis was discussed at a meeting with the President of the Bank, the Registrar of Co-operative Societies, the Financial Secretary and the Revenue Commissioner and the question of permitting the Bank to raise debentures on Government guarantee was further discussed with the Financial Secretary. As a result of the discussion, it has now been decided that in view of the uncertainty of the money market for attracting subscriptions to the debentures, it would be better to allow the Bank a cash credit of Rs 5 lakhs at 4½ per cent (to be drawn when considered necessary) and defer for at least 6 months the question of permitting the Bank to raise debentures with the guarantee of Government. This has been agreed to by the First Member of Council and the Dewan.

I solicit His Highness' gracious sanction to allow the Mysore Provincial Co-operative Apex Bank a cash credit of Rs 5 lakhs at 4½ per cent to tide over the present crisis.

M. V. Amantaraman

Second Member of Council.

Bangalore,
12th April 1939.

50

Submitted to His Highness.

I submit herewith a Final Note by the SECOND *Member of Council on the subject of* the proposal to permit the Apex Bank to draw (when considered necessary) cash credit to the extent of Rs.5 lakhs with interest at 4½% per annum *for His Highness' gracious* ~~*approval.*~~ sanction.

Mirza M. Ismail

Dewan.

13-4-39

51

Record of Cases submitted for the Orders of

His Highness the Maharaja.

Subject.

Proposal to permit the Apex Bank to draw (when considered necessary) cash credit to the extent of Rs.5 lakhs with interest at 4½% per annum.

No 711

Order.

~~KRW~~

15/4/39

17.4.39

General and Revenue
Secretariat.

C 364 52

SUBJECT :—

Proposal to permit the Apex Bank to draw (when considered necessary) cash credit to the extent of Rs 5 lakhs with interest at 4½% per annum

---

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

L. S. G. Department.

17.4.39

FIRST MEMBER OF COUNCIL. (On deputation)

9941
17.4.39

SECOND MEMBER OF COUNCIL.

17.4

L. S. G. Secretary
with compliments.

18/4

18/4

18/4

NOTE.—Contn. sheet

WD 01152—GPB—750—21-12-38

Apex Bank — Financial assistance
4330.

General and Revenue Secretariat | File No. 11 of 1936 | [App. V. III—2

Serial No.

Draft. G.O is sent for appl

24/4/39 For approval

Secy: L.S.Gy

28/4/39

For perusal before Exam

SECOND MEMBER OF COUNCIL. 6 MAY 1939 No. A.b.79

5/5/39

II Member)

5/5/39

SECY. LOCAL SELF GOVT. 11 MAY 1939 GOVT. OF MYSORE

11/5

Gone

11/5

Comm No. 2906

Dft & Gaz. subd - ~~Comm~~

For perusal

Fm Secy)

17.5.39

17/5

020

NOTE – Cont'd Sheet

G.O. & REVENUE SECRETARIAT - 1 JUN 1939 DEVELOPMENT BR

G.O. No D 9811-13 dated 16/5/39 issued & each applicant Rs 5 Rs 5 Rs 4 1/2/- to the Bank

WD 051—GPB—30,000—2-9-38

No. 5641 C.S.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" BANGALORE

Dated, Bangalore, 9th January 1937.

3649

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,

C.S. 11-36-43

GENERAL SECRETARY 11 JAN. 1937

REGD. BANGALORE 11 JAN. 1937

To

M.Venkatesa Iyengar, Esq., M.A.,
General Secretary to the Government
of Mysore, B a n g a l o r e.

Sir,

Adverting to correspondence ending with your letter No.D.1494/C.S. 87-35-4 dated 26th August 1936, intimating that there is no need to amend the existing Law so as to allow of the Apex Bank giving loans to non-member depositors on the security of their deposits, I have the honour to state that the Bank has been advancing such loans to its individual member depositors probably interpreting the above Government Order as restricting the grant of loans to non-members only. The present practice is contrary to instructions given in Clause 2 of Government Order No.D.5992-3/C.S.4-26-7 dated 6th December 1927, which restricts the issue of loans only to societies. If this concession of getting loans on the security of deposits, is not given even to the individual member depositors, it is feared, that many of the deposits will be withdrawn when they mature and it would be rather difficult for the Bank to attract fresh deposits. I therefore recommend that the Bank may be permitted at least to advance loans to individual members on the security of their deposits and to this extent the Government Order of 1927 may be modified.

Page 739 in Report

I have the honour to be,
Sir,
Your most obedient servant,

M. G. [illegible]
Registrar. 9/1/37

L.S.8/1.

Appendix F. G.–1]

55

SUBJECT.....

.....

.....

Section. Ld.

File No. 11-36

Serial No. 52

No. D 5327

Diary No. of letter replied to.....

To

The Registrar C.S.

Sir.

With reference to your letter No 5641 dated 9-1-37 recommending permission to the Agri banks to advance loans to individual members on the security of their deposits. I am directed to request you to kindly intimate the approximate ~~amount that has been advanced~~ amount of deposits from individual members, from non-members and from society members

I have the
by
5.2.37
J Secretary

General and Revenue Secretariat.

( )

the *193* .

Date of issue 9-2-37

Signed by M K. Subba Rao

List of enclosures.....

Copied by.....

Examined by.....

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat -

No. D 5327/65 11-36-52 *Bangalore, Dated,* 8th February 1937.

From

The *General Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Registrar of Co-operative Societies in Mysore,
Bangalore.

Sir,

With reference to your letter No.5641 dated 9th January 1937 recommending permission to the Apex Bank to -- advance loans to individual members on the security of their deposits, I am directed to request you to kindly intimate the aggregate amount of deposits received from individual members, from non-members and from society members.

I have the honour to be,
Sir,
Your most obedient servant,

General Secretary to Government.

No. 799 C.S.

GOVERNMENT OF MYSORE

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Telegraphic Address : "CO-OPERT" BANGALORE

Dated, Bangalore, 30th March 1937.

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
Bangalore.

To C.S. 11-36-90

GENERAL SECRETARY 31 MAR 1937

Vedavyasacharya, Esq., B.A.,
General Secretary to Government,
B a n g a l o r e.

Sir,

With reference to your letter No. D.5327/ C.S. 11-36-52 dated 9th February 1937, I have the honour to state that the amount of deposits held in the Mysore Provincial Co-operative Apex Bank by individual members, non-members and society members at the end of February 1937 were as follows:

Nature of deposit.	Individual members.	Society members.	Non Members.	Total.
	Rs.	Rs.	Rs.	Rs.
1. Fixed.	5,56,466	4,50,358	18,95,008	29,01,832
2. Current.	27,513	56,064	1,48,127	2,31,704
3. Savings.	6,481	4,600	43,787	54,868
4. Thrift.	2,087	2,340	18,108	22,535
	5,92,547	5,13,362	21,05,030	32,10,939

I have the honour to be,

Sir,

Your most obedient servant,

M. G. M.
30
Registrar.
for

AKM)30/3

6 Copies

G. R. S. App. F VI—G 2j

58

SUBJECT .....

.....

.....

Diary. No of letter replied to.....

General and Revenue Secretariat

( )

the *193* .

Date of issue 28-5- 1937.

Signed by M.V.K. Subba Rao

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

Section G.S.

File No. 11-36

Serial No. 117.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read—

G.O. No D 5992-3/Co 60-26-7 dated 6-12-27 directing among others that the Apex Bank should do service the cing loans only to Societies.

Correspondence ending with letter No D 16 96/Co. 8) 35-6 dated 26-8-36 to the Registrar Co.

Order thereon.—No. accepting the recommendation of the Committee on Co-operation that there is no need to amend the laws so as to allow the Apex Bank to give loans to non-member depositors on the security of their deposits

Correspondence ending with
(letter No 7934 dated 31-3-37)
from the Registrar Co-op. stating
that the Bank has not stopped
loans to individual members
presumably
deposits. interpreting ~~probably~~ the
^
order dated 26/1936 as restricting the
grant of loans to non-members only
and stating that, though this practice
is contrary to the order dated 6-12-35
if it is necessary to continue this concession at least
~~if~~ ~~this Concession is restricted to~~ in the case of
individual members ~~deposits~~ this as otherwise
~~found last by~~ of the deposits ~~retained~~
made by them would be
and if owned be very
withdrawn at maturity ~~when it will be~~
difficult to attract fresh deposits, and
in the circumstances
recommending, that the Bank may
^ Apex
be permitted at least to advance loans
to its individual members on the
security of their deposits and that
the G.O dated 6-12-35 be ~~accordingly~~
modified to this extent

List of Enclosure

Copied by

Examined by

order D 8013

Put up please to accept the

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(Continuation sheet draft form.)

60

proposal of the Registrar as a tentative measure — for a period of one year in the first instance

And
241,
pending
Cy
21.5.27

To
The Registrar Cos.

WD 03603—GPB—15,000—8-7-25

Proceedings of the Government of His Highness the Maharaja of Mysore.

61

Read -

Government Order No. D.5992-3/C.S. 40-26-7 dated 6th December 1927 directing among other things that the Apex Bank do restric the issue of loans only to Societies.

Correspondence ending with letter No. D.1494/C.S. 87-35-4 dated 26th August 1936 to the Registrar of Co-operative Societies accepting the recommendation of the Committee on co-operation that there is no need to amend the law so as to allow the Apex Bank to give loans to non-member depositors on the security of their deposits.

Correspondence ending with letter No.7934 dated 31st March 1937 from the Registrar of Co-operative Societies stating that the Bank has not stopped advancing loans to individual members depositors presumably interpreting the order dated 26th August 1936 as restricting the grant of lans to non-members only and that, though this practice is contrary to the orders dated 6th December 1927 it is necessary to continue this concession at least in the case of individual member depositors as otherwise the deposits made by them would be withdrawn at maturity and it would be very difficult to attract fresh deposits, and recommending in the circumstances that the Apex Bank be permitted at least to advance loans to its individual members on the security of the deposits and that the Goverment Order dated 6th December 1927 be modified to this extent.

Order No. D 8013/C S 11-36-17.

Dated, Bangalore, 27th May 1937.

Government are pleased to accept the proposal of the

62

the Registrar as a tentative measure for a period of one year in the first instance.

7871-)
for General Secretary to Government.

To

The Registrar of Co-operative Societies in Mysore.

ACH.8.

C S 11-36-271.

No. 10747 C. S. Ccl

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

Dated Bangalore, 13th June *1938*.

FROM

M. ABDUL HUKH, Esq., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

P.H.Krishna Rao,Esq.,M.A.,
Secretary to the Government of Mysore,
Local Self Government Department,Bangalore.

Sir,

Adverting to Government Order No.D.8013/C.S.11-36-117 dated 27th/28th May 1938 permitting the Apex Bank to grant advances to its depositors who are also preference share-holders for a period of one year in the first instance, I have the honour to submit, herewith, for the information of Government, a copy of letter No.11573 dated 19th April 1938 received from the President of the said Bank. It is understood that in view of the direction that non-member depositors should not be granted advances against deposits by the Bank, they are pledging their fixed deposit receipts in Joint-Stock Banks and obtaining loans therefrom, with the result that the income which the Apex Bank would have derived on such advances is lost to it. From the letter of the President, it is seen that deposits to the extent of nearly a lakh of rupees are stated to be under lien to Joint Stock Banks. This may incidentally result in a shrinkage of the deposits held by the Bank and may affect its financial stability. In the larger interests of the Movement as a whole, I request that Government may, in exercise of the powers vested in them under Section 47 of the Mysore Co-operative Societies Act, be pleased to - exempt the Apex Bank from the operation of Section 29(1) of the said Act to the extent of granting loans to non-members, only on the - security of their Fixed Deposits in the Bank to the extent provided in the byelaws and Rules of Business of the Bank.

I have the honour to be,
Sir,
Your most obedient servant,

Abdul Hukh

for Registrar.

L.S.10/6.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Letter No.11573 dated 19th April 1938 from the President, The Mysore Provincial Co-operative Apex Bank,Ltd.,Bangalore, to the Registrar of Co-operative Societies in Mysore, Bangalore.

==========

Adverting to Government Order No.D.8013/C.S.11-36-117 dated 27th/28th May 1937 permitting the Apex Bank to grant advances to its member/depositors for a period of one year in the first instance, I have the hohour to state that the curtailment of the privilege of granting advances against deposits has been a great set back to the Bank. Many of the depositors have been pledging the Fixed Deposit Receits of the Bank in other Banks and obtaining accommodation at higher rates of interest. Now the deposits to the extent of nearly a lakh of rupees are under lien to other Joint Stock Banks, as this Bank could not grant them accommodation, on account of the Government Order under reference. Consequently a considerable portion of our income by way of interest has been diminished and the Joint Stock Banks are enjoying at our expense.

Under these circumstances, I request that you may be pleased to move the Government in the matter of exempting this Bank from the operations of Section 29(1) of the Mysore Co-operative Societies' Act, in exercise of the powers vested in them under Section 47 of the said Act.

****

" Copy "

L.S.10/6.

Registrar.

Appendix F G—1]

65

SUBJECT .....

.....

.....

Section 65

File No. 11-36

Serial No. 278

Diary No. of letter replied to .....

No. 25158

To The Registrar of Co-s.

Sir

General and Revenue Secretariat

( )

the *193* .

Date of issue 20-7-38

Signed by MT 19

With refer to your letter No 10747 dated the 13th June 1938 recommending that the Aber Bandh may be exempted from the operation of Section 29(1) of the Mysore Cooperative Societies Act, I am directed to state that Govt regret their inability to accept your recommendation as it is against the very principle of the movement as embodied in the Act and the Rules thereunder.

I have etc

MT 13.7.38

Secy. L. Dept

Do not consider it desirable to grant such an exemption

List of enclosures Nil

Copied by .....

Examined by.....

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Bangalore, Dated, 20th July *1938*

No. L7538/ G.S. 11-36-278

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Local Self-Government Department.

To The Registrar of Co-operative Societies in Mysore,

Bangalore.

Sir,

With reference to your letter No.10747 dated the 13th June 1938 recommending that the Apex Bank may be exempted from the operation of Section 29 (1) of the Mysore Co-operative Societies Act, I am directed to state that Government do not consider it desirable to grant such an exemption.

I have the honour to be,

Sir,

Your most obedient servant,

Secretary to Government,
L.S.G. Department.

RS.

No. 3325 C. S.

Telegraphic Address:
"CO-OPERT"
Bangalore

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated Bangalore, 5th September 1938.

1347

GEN. & REVENUE SECRETARIAT, 6 SEP 1938

C.S 11-36-291

From

M. ABDUL HUKH, Esq., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

P.H.Krishna Rao, Esq., M.A.,
Secretary to the Government of Mysore,
Local Self-Government Department, Bangalore.

Sir,

In forwarding herewith a copy of letter No.2065 dated 26th August 1938 received from the President, the Mysore Provincial Co-operative Apex Bank, requesting for reasons mentioned therein that Government may be pleased to reconsider their decision in the matter of permitting the Bank to grant advances to its constituents on the security of their deposits in the Bank, I have the honour to state that owing to the curtailment of this facility to the depositors, the business of the Bank has been greatly affected. The deposits held by it have decreased from year to year as will be apparent from the marginally noted figures and if this downward tendency should continue further, the resources of the Bank will naturally shrink and affect its financial stability and working.

Date.	Amount of deposits held.
30-6-1935 ..	Rs.33,52,033 0 4
30-6-1936 ..	Rs.31,68,484 1 8
30-6-1937 ..	Rs.31,91,907 11 8
30-6-1938 ..	Rs.29,16,850 3 9

Similarly the income of the Bank has decreased. Some of its investments which were earning a good rate of interest have matured and will mature in the course of this year, whereas the high rated deposits held by it carrying interest upto 7 per cent per annum have not similarly matured and the Bank will have to continue to pay interest at these high rates till about 1943. In the circumstances, the Bank has to find out new avenues for the employment of its capital, but business from rural societies is rather slack as the majority of the members of the societies do not possess the requisite repaying capacity and earning power. Further, recoveries from societies have reached the lowest ebb consequent on the --

P.T.O.

68

the depression and continued bad seasonal conditions. The urban societies except a few House-building societies do not stand in need of any accommodation from the Apex Bank. Thus the only means of developing its business and earning some substantial income without incurring any risk whatsoever, is by the grant of advances to the depositors of the Bank on the security of their deposits in the Bank. I may in this connection bring to the notice of Government that the practice of granting advances on deposits obtains in almost all the British Indian Provinces. Kind reference is invited to this office letter No.1887/C.S dated 16th September 1935 on the subject. It is also seen that this privilege is being enjoyed by all the Central Banks in the Punjab and the Central Banks and Peoples Banks (corresponding to our urban Banks) in Bihar and Orissa.

I therefore request that in exercise of the powers vested in the Government under Section 47 of the Mysore Co-operative Societies' Act, they may be pleased to exempt the Apex Bank from the operation of Section 29(1) of the said Act and permit it to grant loans or advances to its depositors whether members or not on the security of their deposits in the Bank to the extent fixed in the Byelaws and Rules of business.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.3/9.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Letter No.2065 dated 26th August 1938 from the President, The Mysore Provincial Co-operative Apex Bank,Ltd., Bangalore, to the Registrar of Co-operative Societies in Mysore, Bangalore.

==========

With reference to your No.1147 dated 26-7-1938 communicating the decision of Government in the matter of exempting the Apex Bank from the operation of Section 29(1) of the Mysore Co-operative Societies' Act, I have the honour to state that the restriction placed in respect of granting advances to depositors of the Bank on the security of their deposits has caused considerable inconvenience and hardship to the depositors, and has also affected the income of the Bank to a great extent. After the Government Order restricting the grant of advances was issued in November 1935, the income by way of interest on advances has fallen from an average of about Rs.14,000/- per annum to about Rs.6,000/-. In the coming years there will be a further fall when the balance of advances outstanding are finally adjusted as deposits mature. At a time when the recoveries from indebted societies are very slack, this additional source of income would have been great help to the Bank in balancing its accounts and show a small - surplus at least.

The practice of granting advances against deposits to depositors, whether members or not, is in vogue in several Provincial Co-operative Institutions in British India and Indian States as noted in the margin

1. Madras Provincial Co-operative Bank.	In the Punjab and also in
2. Punjab do. do.	
3. Bihar and Orissa do.	Bihar and Orissa, not only
4. Central Province and Berar do.	
5. Hyderabad Dominion do.	the Provincial Banks but also
6. Indore Central do.	

the Central Banks and even Peoples Banks (akin to our Primary societies) exercise the privilege of granting advances to all depositors, whether members or not. Even eminent authorities on Co-operation, for example Calvert and Woolf, have not laid down any hard and fast rule in the matter of a Provincial Bank doing business with non-members.

In view of these circumstances, I request that you may be -- pleased to move the Government once again in the matter of exempting

P.T.O.

70

exempting the Bank from the operation of Section 29(1) of the Mysore Co-operative Societies' Act.

" Copy "

L.S.3/9.

Registrar.

Appendix F G—1]

71

SUBJECT.....

.....

.....

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

the *193*

Date of issue 15-9-38

Signed by .....

List of enclosures.....

Copied by .....

Examined by.....

Section 65

File No. 11-36

Serial No. 295

No. 67836

To The Registrar of C.S.

Sir

With reference to the Correspondence ending with your letter No 3325 dated the 5th Sept 1938 in the matter of the Examining of the Accounts of the Akyab Bank under section 29 (1) of the Myanmi C.S. Act I am directed to invite your kind reference to the observations made by the Committee on bookdebts in Income on Pages 73-74 of their report, on the question under Advances and to request you to kindly furnish full information in detail as detailed below.

all the conditions

1) information asked to in these therein

and also on the points noted below:—

12

Observation of the Committee

2) the amount of loans granted by the Bank to the individual members and non-members on the security of their deposits (to be shown for last 4 years)

3) the income derived by way of interest on such loans. — (Under)

4) the amount of loans granted to (a) Societies and (b) individual members on securities other than their deposits

5) the amount of Principal and interest due by way of principal and interest from the societies and individuals

6) the amounts received (principal & interest) from the Societies and individuals

7) the amount overdue (principal + interest) by individual members and Societies.

8) Information in respect of the several matters mentioned in para 7 may be furnished from the year 1923-24 together with a report of details of actions taken or contemplated to recover the amounts due from the Societies and individual members

I have etc

Sd/ K.B. 1879.
Secy. L. Dept

9

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

(5)

No. D1836/CS.11-38-295 Dated, Bangalore, 14th Septr. 1938.

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Local Self-Government Department.

To

The Registrar of Co-operative Societies in Mysore,

Bangalore.

Sir,

With reference to the correspondence ending with your letter No.3325 dated the 5th September 1938, in the matter of the exempting the Apex Bank from the operation of Section 29 (1) of the Mysore Co-operative Societies Act, I am directed to invite kind reference to the observations made by the Committee on Co-operation in Mysore on pages 73-74 of their report, on the question under advertence and to request you to kindly furnish full information on all the items referred to therein and also on the points noted below:-

1) the amount of loans granted by the Bank to the individual members and non-members on the security of their deposits;

2) the income derived by way of interest on such loans;

3) the amount of loans granted to (a) societies and (b) individual members on securities other than their deposits;

4) the amount due by way of principal and interest from the societies and individuals;

5) the amounts recovered (principal and interest) from the Societies and individuals;

6) the amount overdue (principal and interest) by individual members and societies.

Information in respect of the several items noted above may be furnished from the year 1933-24 together with a detailed report of action taken or contemplated to recover the amounts due from the societies and individual members.

I have the honour to be,
Sir,
Your most obedient servant,

15-9-38.

Secretary to Government,
Local Self Government Department.

K.V.R.2.

C.S. 11-36-301.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

Immediate.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

D. O. No. 462

Dated Bangalore, 22nd September 1938.

REVENUE SECRETARIAT

DEVELO

1706.

Dear Sir,

With reference to your letter No.D.1836/C.S.11-36-295 dated 15th September 1938 in the matter of exempting the Apex Bank from the operation of Section 29(1) of the Mysore Co-operative Societies' Act, I write to inform you that the statistical information called for by you will be obtained and forwarded in due course. I may be permitted to bring to the notice of Government that the conditions of the Apex Bank have undergone a considerable change since the Committee on Co-operation in Mysore made their observations contained on pages 73-74 of their Report on this question. At the time of the publication of their Report in 1936, the Bank's position in respect of the deposits held by it and its fluid resources was satisfactory. But now it is different. The deposits which amounted to Rs.31,91,908/- on 30th June 1937 have fallen to Rs.29,16,850/- on 30th June 1938 and there has been a further shrinkage since then. The Bank had in 1937 over Rs.Eight lakhs in Government securities etc., but to-day its resources amount to about 6.5 lakhs against which it has drawn from the Bank of Mysore nearly Rs.2.30 lakhs. Thus the resources have diminished to nearly 4.20 lakhs only. From the monthly statements of accounts of the Bank, it is seen that new deposits are not being received nor are the old deposits being renewed. One of the reasons that could be attributed to this state of affairs is the prohibition that has been put on the Bank in the matter of granting advances on deposits.

It has already been brought to the notice of Government that the system of granting advances on deposits to members and non-members alike is in vogue in the Apex and Central Banks of many of the British Indian Provinces and Indian States as noted

P.T.O.

The Madras Provincial Co-operative Bank. The Central Co-operative Bank of Indore. The Hyderabad Co-operative Dominion Bank. The Bihar and Orissa Provincial Bank. The Central Provinces & Berar Provincial Bank. The Punjab Provincial Co-operative Bank. The Central Banks in the Punjab. The Central Banks in Bihar & Orissa. The Peoples Banks in do.	noted in the margin. The Bombay Provincial Bank and the Trivandrum Central Bank, however, do not make advances to non-members

but only to members.

I may add that this was one of the subjects discussed at the Joint Conference of the Indian Provincial Co-operative Banks' Association and the Indian Co-operative Institutes' Association held in Bangalore in July 1937. The resolution passed at the Conference is noted below:-

"This Conference is of opinion that the recommendation of the Mysore Co-operative Enquiry Committee prohibiting grant of loans to non-members depositors on the security of their deposits is unsound. The Bank must have discretion in granting such loans".

In the light of the foregoing, I request that Government may be pleased to exempt the Apex Bank from the operation of Section 29(1) of the Mysore Co-operative Societies' Act in respect of the grant of loans to non-member depositors of the Bank on the security of their deposits in the Bank subject to the limits prescribed in its Byelaws.

Yours sincerely,

Manavalitulsha

P.H.Krishna Rao, Esq., M.A.,
Secretary to the Government of Mysore,
Local Self-Government Department, Bangalore.

L.S.21/9.

C. S. 11-36-303

GOVERNMENT OF MYSORE.

No. 4477 C. S.

Encls · 2 Statements.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

Dated Bangalore, 8th October 1938.

1895

GEN. & REVENUE SECRETARIAT. 10 OCT. 1938. DEVELOPMENT BRANCH.

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

P.H. Krishna Rao, Esq., M.A.,
Secretary to Government, L.S.G. Department,
Bangalore.

Sir,

With reference to your letter No.D.1836/C.S.11-36-295 dated 15th September 1938 and in continuation of my D.O.letter No.462/C.S. dated 22nd September 1938 I have the honour to forward herewith for the information of Government two statements, one showing the advances made on deposits by the Apex Bank and the amounts recovered and balances outstanding at the end of each year and another showing the amounts of loans and cash-credits issued and recovered and balances outstanding towards principal and interest at the end of each year.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

76

Statement showing Advances made on deposits, and the amounts recovered and balances out-standing at the end of each year.

(Annas and pies are omitted).

Year.	Issued.	Recovered.	Balance.	Income by way of interest.	
	Rs.	Rs.	Rs.	Rs.	
1923-24	1,950	..	1.950	..	
1924-25	44,357	6,820	39,487	..	
1925-26	24,254	32,827	30,914		
1926-27	59,009	27,594	62,329		
1927-28	85,732	69,556	78,505		
1928-29	1, 61,032	97,167	1,42,370		
1929-30	1,82,235	1,14,018	2,10,587		
1930-31	1,78,079	1,50,241	2,38,425		
1931-32	1,88,131	1,32,353	2,94,203		
1932-33	1,55,833	1,89,121	2,60,915		
1933-34	1,47,572	1,82,714	2,25,773	14,500	approxi-mate.
1934-35	1,36,321	1,42,023	2,20,071	13,200	"
1935-36	70,115	1,28,587	1,61,599	9,696	"
1936-37	22,400	48,580	1,35,419	8,130	"
1937-38	13,961	43,053	1,06,327	6,360	"

****

L.S.8/10.

Registrar.

No interest was charged in 1933-34

Statement of Loans and Cash Credits issued and recovered and balances

Year	Principal. Amount issued. Rs.	Amount recovered. Rs.	Balance. Rs.	Overdue. Rs.	In
1st July 1922	..	..	5,27,140	1,25,753	
1922-23	35,572	91,940	4,70,772	1,32,161	
1923-24	55,585	60,493	4,65,864	1,27,117	
1924-25	1,62,536	1,01,826	5,26,574	1,34,635	
1925-26	1,51,819	79,550	5,98,843	1,61,984	
1926-27	3,06,407	90,583	8,14,667	1,72,382	
1927-28	4,98,955	1,24,063	11,89,559	2,02,325	
1928-29	7,46,383	2,46,964	16,88,978	2,25,157	
1929-30	8,61,678	2,39,098	23,11,558	2,69,798	1
1930-31	7,71,091	4,46,019	26,36,639	4,04,048	1
1931-32	1,75,371	1,90,615	26,21,395	6,47,794	1
1932-33	1,75,622	2,08,371	25,88,646	8,27,272	1
1933-34	1,08,434	2,42,330	24,54,750	9,35,398	1
1934-35	97,789	2,35,186	23,17,353	10,22,615	2
1935-36	1,36,017	1,63,954	22,89,416	13,65,319	1
1936-37	1,80,943	2,49,046	22,21,313	16,57,537	1
1937-38	1,76,142	1,71,373	22,26,082	17,35,565	1

(Annas and pies omitted).

* N.B.- Till the year 1928-29 the interest received on loans, adv
clubbed into only one account. Hence the details

****

L.S.8/10.

tstanding towards Principal an

	Interest.	
erest e.	Interest recovered.	Balance due at the end of the year
Rs.	Rs.	Rs.
.*	.*	13,690
		6,168
		11,610
		17,150
		20,138
		27,730
		33,103
		32,764
75,158	1,48,862	59,060
93,534	1,37,374	1,15,220
96,769	1,49,689	1,62,300
93,710	1,34,366	2,21,644
35,462	1,20,102	2,87,004
39,018	1,31,794	3,94,228
81,617	1,19,705	4,56,140
91,553	1,43,178	5,04,515
55,554	1,26,252	5,33,817

nces, investments and other itmes were being
or these years are not given.

Registrar.

THE MYSORE PROVINCIAL CO-OPERATIVE APEX BANK, LTD., BANGALORE CITY.

78

***

Loans outstanding on the security of Deposits - Balances on 24-10-38.

****

Sl. No.	Name.	Balance of Advance.	Rate of interest on the Advance.	Amount of Deposits offered as security.	Rate of interest on the Deposit.
Messrs.					
1.	T. S. Rama Rao.	202- 9- 0	6%	1,000/-	4½%
2.	H. Appu Rao.	81- 0- 0	6%	300/-	7%
3.	T. Y. Hari Rao.	32- 0- 7	6%	250/-	4½%
4.	H. Sheriff.	321-13- 6	6%	1,500/-	5%
5.	S. Ponnuranga Mudaliar.	2100- 0- 0	6%	5,500/-	7%
6.	O. Seethapati Rao.	450- 0- 0	6%	1,000/-	7%
7.	M. A. Rangaswamiangar.	106-10-11	6%	350/-	4%
8.	B. V. Raghavachar.	2,524-13- 3	6%	2,000/- 300/- 250/- 900/-	6½% 6½% 7% 6½%
9.	C. N. Narasinga Rao.	1,000- 0- 0	6%	3,000/-	4%
10.	B. Srinivasa Rao.	600- 0- 0	6%	800/-	6¾%
11.	K. V. Raghava Char.	1,690-15- 7	6%	F.D. 2,000/- S.D. Bond 295/-	7%
12.	S. N. Hanumantha Rao.	600- 0- 0	6%	800/-	7%
13.	M. S. Shankara Rao.	1,000- 0- 0	6%	1500/-	5%
14.	Mrs. Subbamma.	7,800/-	7%	10,000/-	7%
15.	Mahalaxamma.	405-11- 6	6%	1,250/-	7%
16.	M. K. Nagoji Rao.	28-14- 9	6%	328/10	7%
17.	Mrs. Nanjamma.	240- 6- 7	7%	1,000/-	6¼%
18.	S. Shadagopan.	500- 0- 0	6%	2,000/-	7%
19.	T. V. Sundaram.	109- 0- 1	6%	1,000/-	7%
20.	S. R. Nagesha Rao.	208- 7- 6	6%	300/-	7%
21.	T. Venkataramiah.	750- 0- 0	6%	1,000/-	6½%
22.	K. V. Srinath.	49- 0- 0	6%	S.D. 252/-	-
23.	Mrs. Saraswathi Bai.	100-10- 0	6%	1,000/-	7%
24.	Ambu Ramaswamy.	3,604-10- 0	6%	5,000/-	7%
25.	Mrs. Siddamma.	200- 0- 0	8%	900/-	6½%

2706-12-7

29

Sl. No.	Name.	Balance of Advance.	Rate of interest on the Advance.	Amount of Deposits offered as Security.	Rate of interest on the Deposit.
26.	Mrs. Parvathamma.	250- 0- 0	6%	500/-	7%
	Messrs.				
27.	Parvathamma.	703-13- 6	6%	1,000/-	7%
28.	M. S. Sheshagiri Rao.	658- 5- 4	6%	1,000/-	7%
29.	Krishnamma.	1,500- 0- 0	6%	1,300/- 700/-	6¼% 6½%
30.	P. Rama Rao.	150- 0- 0	6%	200/-	7%
31.	B. S. P. Vittal.	1,212- 7- 9	6%	1,850/-	6½%
32.	Thayamma.	20-15-10	7%	100/-	7%
33.	R. A. Alamelammal.	325-13- 1	6%	460/-	7%
34.	Mrs. Neelamma.	287- 8- 0	6%	400/-	4%
35.	Mrs. Janakamma.	435-12- 0	8%	600/-	7%
36.	Mrs. Bangaramma.	64- 5- 1	6%	100/-	7%
37.	D. R. Gowramma.	1-10-10-	6%	600/-	7%
38.	Mrs. Rangoobai.	1,012-13- 4	8%	1,400/-	6½%
39.	Mrs. Ambujammal.	125- 0-0	6%	1,000/-	7%
40.	N. S. Najee Bai.	50- 0- 0	6%	500/-	3½%
41.	Mrs. Narasamma.	150- 0- 0	6%	200/-	4½%
42.	R. A. Srinivasan.	45- 0- 0	-	-	-
43.	T. Madhava Rao.	2,250- 0- 0	8%	3,000/-	7%
44.	K. Srinivasa Iyengar.	11- 2- 7	-	-	-
45.	B. Srikantiah.	840- 0- 0	-	-	-
46.	A. K. S. Ranavan.	10,655- 0- 0	-	-	-
47.	T. P. Krishnaswamy.	155-11- 2	6%	1,000/- 250/-	7% 5%
48.	M. K. Subba Rao.	884-15- 2	6%	1,000/- 250/-	7% 5%
49.	C. R. Ramachandra Rao.	11-11- 5	-	-	-
50.	M. V. Madhavaraya Char.	22- 0- 0	-	-	-
51.	Mrs. Savithramma.	180- 0- 0	6%	250/-	6½%
52.	Puttamma.	11,000- 0- 0	-	-	-
53.	T. A. Sheshadri.	1,350- 0- 0	8%	1,000/- 750/-	5% 7%
54.	N. U. Narasinga Rao.	261-13-10	6%	1,000/-	4½%

34345-14-11

Sl. No.	Name.	Balance of Advance.	Rate of interest on the Advance.	Amount of Deposits offered as Security.	Rate of interest on the Deposit
Messrs.					
55.	Shallamma.	164-12- 5	6%	500/- 500/-	7% 6½%
56.	C. Shama Rao.	1,000- 0- 0	6%	1,500/-	4%
57.	K. Lakshminarayaniah.	67- 5- 6	6%	6,000/-	4½%
58.	N. Subbaraya.	700- 0- 0	6%	1,000/-	6½%
59.	Alkananda Bai.	300- 0- 0	6%	400/-	7%
60.	B. N. Sharadamma.	1,725- 0- 0	6%	1,500/- 800/-	4¼% 4½%
61.	Mrs. Indiramma.	500- 0- 0	6%	3,050/-	7%
62.	S. T. Iyengar.	300/-	6%	S.D. 800/-	-
63.	M. A. Vengadammal.	150/-	6%	2,500/-	6½%
64.	M. Nagabhusana Rao.	1,855- 7- 0	6%	1,750/- 1,250/-	7% 6½%
65.	S. Kuppammal.	25- 0- 0	6%	300/-	4%
66.	B. Narayana Rao.	81- 7- 5	6%	50/- 50/- 50/-	7% 7% 7%
67.	K. Krishna Rao.	9,600- 0- 0	-	-	-
68.	H. N. Suryanarayana Rao.	88- 8- 1	6%	125/-	6½%
69.	P. S. Ramaswamiya.	540- 0- 0	6%	800/-	7%
70.	V. Nagesha Rao.	250- 0- 0	6%	450/-	7%
71.	N. Ramaswamiangar.	100- 0- 0	6%	300/- 210/8 200/- 320/- 750/-	6½% 7% 7% 7% 7%
72.	M. Singrachari.	4,400- 0- 0	6%	10,000/	4%
73.	Y. V. Sita Bai.	464- 9- 8	6%	500/- 120/-	6½% 6½%
74.	B. Samsingh.	1,500- 0- 0	6%	750/- 1,000/- 500/-	7% 6½% 6½%
75.	D. L. Mahalaxamma.	195-10- 0	6%	2,000 /-	4%
		24007-11-5			

81

Sl. No.	Name.	Balance of Advance.	Rate of interest on the Advance.	Amount of Deposits offered as Security.	Rate of interest on the Deposit
Messrs.					
76.	M. Subbaramiah.	171- 8- 6	6%	500/-	7%
77.	H. T. V. Rao.	726-14- 2	6%	300/- 700/-	6¼% 5%
78.	R. Sitharamiah.	750- 0- 0	6%	120/-	7%
79.	B. Aswathanarayana Rao.	66- 0- 0	6%	E.P.F.	
80.	N. S. Suryanarayana Rao.	40- 0- 0	6%	S.D 20/-	
81.	T. Suryanarayana Rao.	600- 0- 0	6%	4,000/-	6¼%
82.	D. M. Laxmiah.	300- 0- 0	6%	1,200/-	6½%
83.	M. V. Annaswamy.	30- 0- 0	-	Cycle Advance.	
84.	T. Venkataramiah.	750- 0- 0	6%	1,000/-	3½%
85.	T. Y. Vasudeva Rao.	1,179- 2- 5	6%	150/- 500/- 500/- 275/- 100/- 100/-	4% 4% 4% 4% 3½% 3½%
86.	J. A. Ananthaswamy.	282- 7-11	6%	2,800/-	4%
87.	V. B. Bhatt.	130/-	-	E.P.F.	
88.	Mahalaxamma.	375- 0- 0	6%	500/-	4%
89.	Nanja.	(19/-) 19- 0- 0	6%	E.P.F.	
90.	C. Anantiah Setty.	1,375/-	6%	1,850/-	7%
91.	B. S. P. Vittal	29- 5- 5	6%	1,850/-	
92.	L. Subba Rao.	115- 0- 0	6%	E.P.F.	
93.	K. Shamaiyengar.	2,537-13- 5	6%	1,900/- 1,500/-	4% 7%
94.	A. Shama Rao.	444-12- 1	6%	E.P.F.	
95.	S. V. Ranga Rao.	260- 0- 0	6%	E.P.F.	
96.	B. Nanja.	99- 0- 0	6%	E.P.F.	
97.	R. Ramiah.	118- 0- 0	6%	E.P.F.	
98.	Dr. B. Narayana Rao.	42- 7-11	6%	1,780/-	6¼%
99.	Tungamma.	500- 0- 0	6%	1,000/-	4%
100.	L. Subba Rao.	57- 0- 0		Cycle advance.	

10968-10

82

Sl. No.	Name.	Balance of Advance.	Rate of interest on the Advance.	Amount of Deposits offered as Security.	Rate of interest on the Deposit.
	Messrs.				
101.	Mayanna.	36- 0- 0	6%	E.P.F.	
102.	Dr. J. B. Mascarenhas.	278-15- 6	6%	1,500/-	6½%
103.	K. V. Gundu Rao.	975- 0- 0	6%	S.D.	
104.	Rahim.	25- 0- 0	6%	E.P.F.	
105.	K. V. Dasappa.	1,200- 0- 0	6%	1,650/-	7%
106.	V. Ramachandra Rao.	16- 0- 0	6%	E.P.F.	
107.	M. B. Singamma.	200- 0- 0	6%	500/-	2¾%
108.	S. G. Ramachandra Rao.	196- 0- 0	6%	E.P.F.	
109.	C. Rama Rao.	25- 2- 0	6%	E.P.F.	
110.	N. Suryanarayana Rao.	300- 0- 0	6%	750/-	4%
111.	A. S. Dattu Rao.	1,687- 5- 8	6%	800/- 1,000/- 1,000/- 1,300/- 710/- 285/- 250/-	4% 4% 7% 6½% 6½% 6½% 7%
112.	Muddaiah.	10- 0- 0	6%	E.P.F.	
113.	A. V. Nagu Bai.	541- 9- 4 549- 0- 6	6%	300/- 600/-	6½% 6½%

Tone 98819-15-5

Secretary.

h.R.K/3.

54 Cases

Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Consolidated Statement of Five Yrs. &c. 1 = maturing ever

Ledger Folio	Opening Balance	January Receipts	January Payments	Balance	February Receipts	February Payments	Balance	March Receipts	March Payments	Balance
Years	7%	6 3/4	6 1/2 %	6 1/4 %	6%	5 3/4 %	5 1/2 %	5%	4 1/2 %	4 1/4 %
1938-39	140,298	7089	63485	1851	2943	290	15,123		60277	80,570
1939-40	135,491	4293	37951	8,119	156	360			1,685	164,379
1940-41	186,323	19,288		57,159	52					127,344
1941-42	194,651	10,500	36,585	9,200	158	654	350	2	330	108,216
1942-43	2,050		48,964	72,437	45,975					165
1943-44	15,000								44,865	800
1944-45	3,050		6,620	1,050					45,693	6,500
1945-46	800								90,568	
1946-47									44,025	21,230
1947-48	1,000									72,237
1948-49										6,589
1950										900
Totals	678,713	41,170	193,605	149,816	49,278	1304	15473	77	287,213	566,960

Amount finally

Co-operative Apex Bank, Ltd., for the year 19

(under several heads)

April			May			June		
Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
12 3 3/4	13 3/4	3 1/4	15 37	16 2 3/4	17 2 1/2	18	19	20
	13,443	3083	1,205	42,642	52,845		4,87,498	
5,500	36,330		37,284		22,999		4,34,539	
2,000	110		32,841	2,360	830		4,30,481	
	25,720		1,070	2,364	446		3,90,063	
	62,293		11,030		860		2,65,763	655137
	17,101		1,800				1,33,280	
							62,913	
							91,368	
	203		73				65,531	
	10,940						84,177	
	200	2,850					9,639	
							900	
7500	166,339	5,933	85,233	47,306	79,955		24,55,463	

Secretary

23/X/46

Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Statement of Fixed Deposits maturing for payment — Month: 1

Ledger Folio	Opening Balance	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
	January				February			March		
Years/ Months	7%	3 6¾%	4 6½%	5 6¼%	6 6%	5¾%	5½	5¼-5%	4½%	4¼-4%
1938. Oct. 1 outstandings	36,630	4,635	950	500	2,443	290	14,123	354	10,680	
October	32,621	1,000							19,597	2,000
Novr.	20,150	454	485T	426			1,000			7,959
Decr	12,997		20,000							5,181
1939 Jany	12,900		500	925						11,228 ~~5,181~~
Feby	25,000		9,475							12,127
March			6,550							2,186
April		1,000	11,650							15,950
May			6,800			500				14,551
June			7,075							9,388
Totals	140,298	7,089	63,485	1,851	2,943	290	15,123	354	60,277	80,570

Annas and Pies

Co-operative Apex Bank, Ltd., for the year 19

815

ar - classified according to its rates - but
e omitted)

April			May		June		
Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
19 3¾%	3½%	3¼%	3% 15	2¾% 16	2½% 18		19	Total
	705	506	55	20,462				92,307
	260	1,383		22,200				109,061
		700			250			31,426
	4,463	500		18,643				61,784
	2,500			10,717				
	~~1,463~~	~~500~~	1,150	~~18,111~~				39,920
				972				47,574
	647			1,663				11,046
	2,618			7,117				38,335
	2,250			9,966				33,867
	200			5,517				22,180
	13,443	3,083	1,205	42,642	54,845			487,498

s omitted.

Note

22/xi/38

Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Statement of Fixed Deposits maintained by Co-operative Societies

Year & Month	Ledger Folio	Opening Balance	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
		January		February				March			
		4%	6¾%	6½%	6¼%	6%	5¾%	5½%	5¼ to 5%	4½%	4¼ to 4%
1939 July				2,701	3,000				200	1400	8,356
Aug			250	10,500		150	160			85	18,860
Sept			1,600	5,300	3,856						16,640
Oct				4,600							2,502
Nov			65	12,050							10,933
Dec				2,350			200				42,800
1940 Jany		18,150	1200	500							6,461
Feb		32,700									8,907
Mar		4,300									6,835
April		30,755	71		900						8,997
May		25,711	1,107		263						8,001
June		23,875			100						5,100
Totals		135491	4,293	37,951	8,119	150	360		200	1,485	144,379

Rupees Annas and Pies 50

Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Statement of Fixed deposits maturing for M

Year & month	Ledger Folio	January Opening Balance	January Receipts	January Payments	January Balance	February Receipts	February Payments	February Balance	March Receipts	March Payments	March Balance
		4%	6 3/4%	6 1/2%	6 1/4%	6%	5 3/4%	5 1/2%	5 1/4 + 5%	4 1/2%	4 1/4 + 4%
1939	July			2,701	3,000				200	1400	8,350
	Aug		250	10,500		150	160			85	18,860
	Sept		1,600	5,300	3,856						16,640
	Oct			4,600							2,502
	Nov		65	12,050							10,933
	Dec			2,300			200				42,800
1940	Jany	18,150	1200	500							6,461
	Feb	32,700									8,907
	Mar	4,300									6,835
	April	30,755	71		900						8,997
	May	25,711	1,167		263						8,001
	June	23,875			100						5,100
Totals		135,491	4,293	37,951	8,119	150	360		200	1,485	144,379

Madras Auxiliary Gas

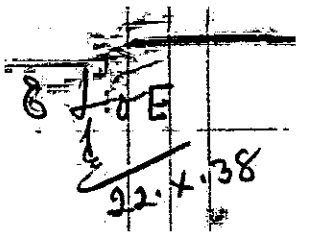
Co-operative Apex Bank, Ltd., for the year 19

87 2

ment — Month War Bet Rate War

April			May			June			
Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance	
2 3/4 %	3 1/2 %	3 1/4 %	3 %	2 3/4 %	2 1/2 %	18	19	Totals	
	3,200				4,625			23,476	
	305				2,818			33,128	
	18,625		5,491		8,016			59,528	
	10,000				1,175			18,277	
								23,048	
	4,000		800					50,100	
4,000	200		1,750		1,725			33,986	
1,500			3,000		2,800			48,900	
			1,050		1,568			13,773	
			767					41,490	
			17,326					52,408	
			7,100		250			36,425	
5,500	36,330		37,284		22,997			434,539	

mitted



Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Statement of Fixed deposits maturing

Ledger Folio	Opening Balance	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Year & Month	4%	6¾%	6½%	6¼%	6%	5¾%	5½%	5¼%	4½%	4¼%
1940 July	10,545	58		500						16,502
Aug	36,750			1,200						4,862
Septr	23,169	11,500		2,975	54					36,269
Octr	2,000			19,476						2,890
Novr	13,325	3,400								4,862
Decr	16,158									3,550
1941 Jany	8,460									13,627
Feby	22,004	600								10,770
March	13,957	1,400								2,029
April	~~21,800~~ 15,811	1,780								3,387
May	7,305									8,650
June	16,900	550		3,000			2,130			19,940
Totals	188,373	19,288		57,151	54		2,130			127,344

Amas N [illegible]

Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Statement of Fixed deposits maturing

Ledger Folio	Opening Balance	January Receipts	January Payments	January Balance	February Receipts	February Payments	February Balance	March Receipts	March Payments	March Balance
Year & Month	7	6 3/4	6 1/2	6 1/4	6	5 3/4	5 1/2	5 1/4	5	4 1/2
1940 July	10,545	58		500						16,502
Aug	36,750			1,200						4,860
Sept.	23,169	11,589		2,975	54					36,269
Octr	2,000			19,476						2,890
Novr	13,325	3,600								4,860
Decr	16,158									3,550
1941 Jany	8,460									13,627
Feby	22,004	600								10,770
March	13,957	1,400								2,039
April	~~21,600~~ 15,811	1,788								3,387
May	7,305									8,650
June	16900	550		3,000			2,130			19,940
Totals	186,373	19,288		57,151	54		2,130			127,344

Amar & Co.

[redacted]o-operative Apex Bank, Ltd., for the year 19 89

[redacted] payment Rate was 4 month 1½ %

April			May			June		
Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
13	3	3½	3	2¾	2½	18	19	20 Total
			6,360	500				34,455
			12,075	330				53,215
	66		250					74,283
			3,500					57,866
			2,420					24,005
			5,600	500				25,808
	44		136					22,267
			300					33,674
			2,050					19,446
2,000				1,500				30,467
			150	300				16,405
				60				42,580
								430,481
2,000	110		32,841	2,360	830			~~436,481~~

[redacted]

Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Statement of Y/Ks Deposits matured

Ledger Folio	Opening Balance	January Receipts	January Payments	January Balance	February Receipts	February Payments	February Balance	March Receipts	March Payments	March Balance
		6 3/4	6 1/2	6 1/4	6	5 3/4	5 1/2	5 1/4	4 1/2	4 1/4
Year's Work										31,270
1941 July	24,509									15,994
Aug	22,355					500				
Sept	14,488						216		222	8,332
Oct	32,755	5000								1,477
Nov	20,585				3700	150	154			13,573
Dec	19,767						84		44	36,325
1942 Jany	28,600									1,100
Feby	31,600	5500								
March			5310							
April			12,775							
May			1,600		5500					
June			12,100							
							50		34	295
Totals	194,657	10,500	36,585	9,200	150	654	350		300	108,206

Remarks [illegible]

...operative Apex Bank, Ltd., for the year 19

90 4

...ar payment: (Rate war & Month war)

April			May			June		
Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
3/4%	3 1/2%	3 1/4%	3%	2 3/4%	2 1/2%	18	19	20
								55,929
	50			100				
								39,451
	183		419	≠				
								24,297
			783	264				
								39,232
								39,212
	76		955	79				
								56,736
	409		107					
								38,600
	9,000							
								45,642
	8,842							
								10,210
	4,900							
								17,775
								9,473
	1,573	1000						
								13,506
	987		40					
								39,063
	25,720	1,000	2304	443				

Invited

8 to 1

22/x/28

Trial Balance Sheet of th[redacted]ore Provinc

Nature of Account ..... Statement of Fixed [redacted] Mat

Ledger Folio	Opening Balance	Receipts	Payments	Balance	Receipts	Payments	Balance		Payments	Balance
Year & Month	January 7/-	6½/-	6¼/-	6[illegible]/-	February 5½/5/-	4/-	3½/-	[redacted]	March 2½/-	Totals
1942 July		22,735	300		1000		6710			28,745
Aug		7,725				145	6440			12,280
Sept		10,504				11,039 / ~~11,039~~		15		21,693
Oct	1,000	5,700				5,720				12,420
Nov		23,850				20,389				44,239
Dec		5,850				4,350				10,200
1943 Jany		3,097				4,100		1		7,297
Feb	900	2,300	27,982			1,650			840	33,670
Mar	150		11,400	34,150		5,575				51,275
April			4,500			100	4,25			8,825
May			7,325			250	3,75			11,330
June				29300			2,800			23,100
Totals	2,050	48,964 / ~~48,964~~	72,477	45,975	21,300	145	62,293	11,030	840	265,074 / ~~265,074~~

Answered [illegible]

Trial Balance Sheet of the Mysore Provincial

Nature of Account Statement of Fixed Deposits maturing

Year & Month	Ledger Folio	Opening Balance	January Receipts	January Payments	January Balance	February Receipts	February Payments	February Balance	March Receipts	March Payments	March Balance
		7%	6½%	6¼%	6%	5½%	4%	3½%	3%	2½%	Totals
1942 July			22,735	300		1000		4710			28,745
Aug			7,725				145	4440			12,280
Sept			10,504					11,039		1½	21,693
Oct		1,000	5,700					5,720			12,420
Nov				23,850				20,389			44,239
Dec				5,850				4,350			10,200
1943 Jany				3,097				4,100	10		7,297
Feb		900	2,300	27,980				1,650		840	33,670
Mar		150		11,400	34,150			5,575			51,275
April					4,500			100	4.25		8,825
May					7,325			250	3,75		11,330
June						20300			2,80		23,100
Totals		2,050	~~48,964~~ 48,914	72,477	45,975	21,300	145	62,293	11.10	840	265,074 ~~275,074~~

Arrears of Fees

91

Co-operative Apex Bank, Ltd., for the year 19

Nature of Account 5

(Month Wise + Rate-Wise)

	April			May			June		
Year & Month	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
	13 5%		5%	4½%	4%	3½%	3%	19	Totals 20
43 July			11,614						11,614
Aug			14,140			4,550	200		18,890
Sept			8,125		300	12,500	200		21,125
Oct			19,836						19,836
Nov				5,350					5,350
Dec				4,300	500				4,800
144 Jan				11,105		50			11,155
Feb	15,000			2,353					17,353
March				697					697
April				3,150			1400		4,550
May				15,183					15,183
June				2,727					2,727
Totals	15,000		53,715	44865	800	17,100	1,800		133,280

Audited

E & O E

23/12/48

Trial Balance Sheet of the Mysore Provincial

Nature of Account ..... Statement of Fixed Deposits

Ledger Folio	Opening Balance	January Receipts	January Payments	January Balance	February Receipts	February Payments	Balance
Year & Month	7½	6½	6½	4½	4½	Totals	8
1964 July				100		100	
Aug				3,675		3,675	
Sept	3,050			5,250		8,300	
Oct				2,000		2,000	
Nov				9,700		9,700	
Dec				2,500		2,500	
1965 Jany		700		5,700		6,400	
Feby		6620	350			6,970	
March				12,617		12,617	
April				1,901	6500	8,401	
May				200		200	
June				2,050		2,050	
Totals	3,050	6620	1,050	45,693	6500	62,913	

Year & Month	Receipts	Payments	Balance
7½	6½	6½	4½
1965 July			14,924
Aug			13,225
Sept			14,150
Oct			1,500
Nov			1,500
Dec		800	1,200
1966 Jany			975
Feby			6,100
March			4,060
April			1,434
May			1,400
June			100
		800	90,568

Accountant

o-operative Apex Bank, Ltd., for the year 19 .

92/6

Returns for Repayment

April			May			June		
Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
	13					18	19	20
	Yearly	4,327	4,327	3,520	31		Total	
	Monthly							
1946	July	7,450		203	73		7,726	
	Aug	9,725					9,725	
	Sept	22,900					22,900	
	Oct	1,600					1,600	
	Nov	1,000					1,000	
	Dec	1,350					1,350	
1947	Jan		2,700				2,700	
	Feb		500				500	
	Mar		450				450	
	April		5,850				5,850	
	May		6,400				6,600	
	June		5,330				5,330	

Trial Balance Sheet of the Mysore Provinicial

Nature of Account ..... Statement of Fixed Deposits Matured (Month-wise) during the year

	January				February				March			
	Opening Balance	Receipts	Payments	Balance	Receipts	Payments	Balance		Receipts	Payments	Balance	
	1	2	3	5	6	7	8		9	10	11	
[redacted]	1%	2%	3½		Rs					1948-49	1/47	
1947 July		2075			2075					July		
Aug	1,000	6550			7550					August	639	
Sept		14,628			14,628					Sept	5,950	
Oct		7,839			7,839							
Nov		2,973			2,973							
Dec		2,100			2,100							
1948 Jan		13,938			13,938							
Feb		6,075			6,075							
Mar		16,059			16,059							
April			7200		7,200							
May			3240		3240							
June			500		500							
Totals	1000	72,237	10,940	=	Rs 84,177							6,589

Annas bits omitted

23/X/50

Co-operative Apex Bank, Ltd., for the year 19

93 7

(Retd to Cap)

April			May			June		
Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
16	19	14	16		17	18	19	20
3 12 20/	2 40/.	Totals	1950	40/.				
	2850	2850	January	525				
200		839	Febry	375				
		5,950						
200	2850	= 9,639		Rs 900				

MEMORANDUM. 94.

I worked on the Board of Directors of the Mysore Provincial Co-operative Apex Bank Ltd., in 1936-37 and gained some knowledge of its loan files and was also able to make a detailed study of the position of a few indebted Societies. There are signs of alarm in the minds of the Bank's shareholders and depositors and I feel I will be failing in my duty to Government and the public if I do not now bring to the notice of Government a few facts requiring urgent attention.

2. The assets of the Bank as shown in the latest published statements include an amount of Rs.22,26,082 under loans due by Societies, Rs.4,56,140 shown as "interest accrued and pending on such loans upto 30-6-1936", and a sum of Rs.1,06,237 under "advances on deposits". Some of the Societies like the Bangalore City Traders' Society are hopelessly bad and practically insolvent, properties are found to have been overvalued and titles had not been properly investigated and verified at the time of investigation in many of them, and land values have fallen in recent years. The practice followed by the Bank of releasing from mortgage the properties of individual borrowers from Societies on payment of their own dues and crediting the amounts thus received towards the interest due by the whole Society, has resulted in a substatial reduction of the securities furnished for the principal amounts at the time of the sanction of the loans. The concession offered by the Bank of reduction in the rates of interest charged to Societies which pay up the interest portion of their dues, has proved an incentive to some of them to recover the entire dues in respect of the more valuable properties mortgaged to them and to pay up such interest so as to secure the concession, and thus accelerated the process of release of securities. Due to apathy or connivance on the part of the office bearers action is not promptly taken against defaulters, nor possession obtained of properties purcha by Societies and even when so-called possession is formally secured the defaulters or others frequently continue in enjoyment. Though Societies are classed as 'unlimited', some of the original and better class members seem to have secured withdrawal from them one way or and local combination and fears of personal injury of likely purcha

Asst.

purchasers are also factors prejudicing the interests of the Bank in the enforcement of coercive measures against defaulters. Consequently, the Bank will have to congratulate itself if at this rate it can get back at least three-fourths out of the principal amount of 22¼ lakhs, towards its entire dues from indebted Societies.

3. Against the Rs.4,56,140 which is mentioned above as "interest accrued and pending" and which has been already utilised for the Bank's working expenses and other charges, the accounts have provided for an "interest reserve" of one lakh and even if all the other reserve funds held by the Bank are wiped out by being added to that reserve and adjusted to this account, it will be found that over one and a half lakhs will have to be debited to the share capital of the Bank.

The amount under advances on deposits includes about Rs.40,000 involved in the defalcations discovered in 1935 and evidently not still adjusted in the accounts. Though the latest report shows that a decree has been obtained (for which sum is not mentioned) it is very doubtful whether the Bank can get back any substantial portion of the amount misappropriated, the parties seeming to own no valuable properties.

Thus, we need not be surprised if a total deficit of about eight lakhs of rupees has to be ultimately written off or made good somehow.

4. As the good name of the State is involved in maintaining the solvency and efficient working of the Bank and the general tax-payer may have ultimately to bear the burden of all the loss it may sustain in the event of a failure, with a view to minimise such loss and save the institution, I beg that Government may be pleased to lend a liberal hand and devise measures for restoring public confidence and ensuring its proper working as soon as practicable. To this end, I submit the following suggestions for the earnest and sympathetic consideration and very early orders of Government.

5. A thorough examination of the debts due by members of the indebted Societies with reference to security and repaying capacity in each case has to be arranged on the lines suggested in

96

suggested in my letter of 14th August 1937 to the Bank (a copy of which is attached). In many a Society, owing to continued default of both principal and interest, disputes have been filed against the borrowers, decrees obtained and properties purchased by the Societies themselves for want of other bidders. This has only brought greater trouble to the Societies and the Bank which frequently get nothing in return though they have to pay assessment etc., regularly.

In each individual case in which the conditions warrant it, the properties have therefore to be given back to the member and a consolidated bond taken for the principal and interest in arrears (less any reasonable remission) with the same securities plus additional securities if possible, the rate of interest being fixed reasonably low in view of the fact that the interest is compounded, and 15-20 yearly instalments being given for repayment. Statutory provision has also to be made for destraint of crops on failure to pay any instalment, as in the case of the Land Mortgage Societies (vide Section 66 of the Mysore Co-operative Societies' Act).

In the case of persons who cannot be treated on the above lines, even after liberal consessions are allowed by way of remission of interest, the only alternative will be to effect forced sales and deprive them of lands. As lands cannot be sold for the best prices at present, the question of disposing them of by conditional sale, or leasing them out to prospective buyers on reasonable terms, the annual payments being fixed at a figure sufficient to cover land revenue and cesses and interest on the dues together with one-twentieth of the principal may also be considered. Even in such cases, facility for the destraint of crops has to be provided for and ~~option given~~ also for payments in kind.

6. Though the recoveries have steadily fallen and the Bank's legitimate function of financing Co-operative institutions has practically come to a stand-still, its establishment and other expenses are increasing day by day and the policy for sometime followed by the Co-operative and Revenue Departments of interpreting the rules and standing orders of Government in a narrow and illiberal spirit not contemplated by Government and requiring the Bank to pay up in the

first

first instance the stamp and process fees, commission on recoveries effected through Government agency and liquidation and similar other charges rightly debitable to the accounts of Societies has tended to increase the Bank's embarrassments and shake its credit. I understand that the present Registrar of Co-operative Societies has recently permitted payment of the stamp fees by the Bank in respect of suits filed by (or on behalf of) Societies only after the suits are finally disposed of and when it is found that the fee cannot be got otherwise, and that the Revenue Commissioner has also kindly circularised subordinate revenue officers not to demand commission for recoveries effected by the ordinary revenue staff on behalf of Societies and to restrict their demand in respect of decretal amounts only to the sums actually realised at the sales, without reference to the total amounts decreed. The Bank's constituents have to be thankful for these measures, though it is hardly fair to require the Bank to further make good to Government the cost of stamps in the suit when it will have lost its entire dues in respect of a loan granted on the strength of the investigations and recommendation made by officers of the Co-operative Department.

7. The constitution of the Bank's Board of Directors as recommended by the last Co-operative Committee and recently sanctioned by Government, tends to unduly swell the 'Direction charges' without conducing to improve efficiency since the large number of Societies' representatives scattered at different outstations can ill afford to devote sufficient time to study and help the working of the Bank during the hurried and short visits they may be expected to pay the institution for attending the Board's meetings. Whether a much smaller Board consisting mostly, if not entirely, of local people commanding sufficient leisure and prepared to take an active part in helping the supervision of the affairs of the institutions and its affiliated Societies as a labour of love, would not be more useful especially at this juncture is a matter for the consideration and favourable orders of Government. In my humble opinion, it would be of considerable help if a full time responsible officer of the

of the rank and status of a Deputy Commissioner is made President of the Bank and given the powers of a Registrar of Co-operative Societies in respect of the Bank and the Societies affiliated or indebted to it and made to work in close touch and co-operation with, if not under the direct supervision of the Revenue Commissioner. In case it is not possible to depute a Deputy Commissioner to work as President as suggested above, the Deputy Commissioner of the Bangalore District where the Bank's dues are most heavy, may be kindly made a Director, in preference to the Deputy Comptroller as at present, and entrusted with the duty of expediting collections on the lines noted above as a tentative measure.

In this connection, I beg to bring to notice that it is necessary to have as Secretary an officer with wide experience in the ministerial line of the Revenue or Co-operative Departments instead of a highly paid executive officer who might not have been accustomed to routine office work.

8. With a view to further remedy some of the present defects and ensure the smooth and proper working of the Bank in the immediate future, Government may be graciously pleased also to arrange that:-

(1) Establishment charges may be reduced to the barest minimum consistent with efficiency;

(2) Encouragement is given for grant of loans to individuals on the pledge of gold and silver, Government securities and agricultural produce with proper safeguards for appraising, custody, safeguarding, storage etc.;

(3) Special recovery officers with suitable and wider powers than the Revenue Inspectors are appointed for heavily indebted areas;

(4) Amounts received by an affiliated Society in adjustment of any part of the principal of loans advanced by it from the funds of the Bank to its members and remitted by it to the Bank, are adjusted in the Bank's books in the same manner as that adopted by the Society

(5) Revenue Officers adopt, in the first instance, the precautionary measures prescribed for the realisation of Land Revenue in the case of lands owned by the B or the Societies affiliated to it;

99

(6) The confirmation of sales are made without insisting on the payment of any commission till after thelands are actually sold out to individuals, when the lands of indebted members have tobe purchased by creditor societies and the dues are not realised in cash;

(7) A maximum period is fixed for the issue of sale certificates and for putting societies in possession of the properties purchased by them;

(8) Purchasers are put in actual possession when the judgment debtors themselves and no others are in enjoyment;

(9) Decrees are executed by ~~proceeding against~~ the sale of the other properties of defaulting members when the realisations from the properties mortgaged prove to be insufficient for adjustment of the defaulters' dues;

(10) The provisions of the Rules and Regulations are enforced strictly in the matter of the recovery of the costs of liquidation in the case of societies indebted to the Bank, without the Bank being required to meet the salary of the Liquidator and other charges connected with the proceedings, in anticipation of its being re-imbursed later on, the amounts spent by it.

(11) No entry or change prejudicial to the interests of a Society, shall be made in any register under the Record of Rights Scheme in respect of any land known to be mortgaged to the Society, without giving due opportunity to the Society,- and also to the Apex Bank, when the Society is known to be indebted to the Bank,- to show cause why such entry or change should not be made.

(12) (a) In the case of a limited liability Society other than the Apex, the Central Land Mortgage Bank, and any other institution specially exempted by Government:-

(i) no share shall be allowed to be withdrawn or cancelled except under Section 22 of the Co-operative Societies Act, and

(ii) transfers of shares under Section 14 (2) (b) shall not be allowed otherwise than in favour of persons who are members or are persons whom the Society agrees to admit to membership, whenever its borrowings (inclusive of deposits and Provident Fund

100

Provident Fund subscriptions held), are in excess of its fluid resources.

(b) The estate of a member or past member shall be liable to be proceeded against to recoup the loss, if any, sustained by an Unlimited liability Society in respect of any loan sanctioned by the Society, in the absence of documentary evidence to show either that he was not a member of the Society at the time of the sanction or that he had then opposed the sanction, notwithstanding the limits prescribed in Sections 23 and 24.

18/2 Appajappa's Agrahar
Bangalore City
28th October 1934

M K Srinivasiengar

101

Letter dated 14-8-1937 from Mr. M. A. Srinivasiengar, B.A., Retired District Sheristedar, Bangalore City, to the Honorary Secretary, The Mysore Provincial Co-operative Apex Bank Ltd., Bangalore City.

With reference to the affairs of Co-operative Societies indebted to the Bank, the accounts of some of which I was asked to go through with a view to find out their present financial position, I beg to forward herewith six comparative statements showing the extents and approximate values, as can be gathered separately from the previous loan records and the present village accounts and other references, in respect of the properties hypothecated to the Societies concerned by the parties who participated in the loans due to the Bank from three of such Societies, viz., those of Ramaswamipalya, Hulimavu and Begur, all in the Bangalore Taluk, and to state as follows:-

2. The figures for the original extents and values have been based mainly on the details contained in the property lists submitted by the Societies concerned and, whenever convenient, also the original bonds executed by the parties to the Societies, and the Investigation reports, if any, of the Departmental and Bank's officers, while the "present extents" noted are those mentioned in the Khatas with the village Shanbhogues whenever these could be secured, - or the Index Register (i.e., the old Khetwar) maintained at the Taluk Office. In the case of the Begur Society however, the details noted are only those that could be gathered from the Taluk Office Index Registers, since I was told at Begur that the village accounts were at Bangalore and that they would be shown to me sometime next week. The present approximate values have been fixed with reference principally to the sale transaction of similar properties in the villages in most recent years as per the Sub Registrar's books. In these values, I have considered it necessary to ignore the probable present or casual and enhanced value of the lands, due to special circumstances such as the existence of casuarina, apple or long standing and old cocoanut and similar other plants which may be removed by the parties or are likely to die before necessary steps can be taken to have them attached and brought to sale, - and have adopted somewhat conservative rates of prices recently realised for similar ordinary lands in the same village or its neighbourhood.

The first set of statements embodies details of the several lands mortgaged by each of the loan grantees still indebted to the Societies, while the two others are mere abstracts or summaries of the particulars contained in the first, - one giving us the aggregate extents and values of the properties of each loan-holder villagewar and the other in respect of the whole loan amount due to us from the Society. The forms adopted contained provision for note separately of the values of the lands as estimated in the property lists of the Societies and as adopted by the Departmental or Bank's Investigating Officers but it was found that no detailed valuation of the lands had been made separately by the Investigating Officers ~~but it was found that a~~ in the cases of these Societies. Since the valuation adopted for purposes of the grant of the loans is presumably only the one fixed by the Bank's or other Investigating Officer, it will probably be sufficient if provision is made in future statements for the entry of only one set of previous valuation figures. From the statements now prepared, it will be seen that for adjustment of a total of something like Rs.20,700 (Rs.13,660 principal and Rs.7,044 interest) due from the Ramaswamipalya Co-operative Society as on 30th June 1937, the value of the securities may be estimated at nearly Rs.16,000 and for an aggregate amount of about Rs.75,000 (i.e., Rs.58,472 principal and Rs.16,383 interest) due on the same date by the Hulimavu Co-operative Society, the securities available to us are estimated to be worth only about Rs.45,000 while in the case of Begur, towards our dues of nearly Rs.12,800 (i.e., Rs.10,850 principal and Rs.1,940 interest), we may take the available securities to be roughly worth Rs.8,300. These disparities between the amounts owed and the value of the securities available are due chiefly to the very exaggerated and imaginary values adopted for many of the lands at the time of sanction of the loans and to some extent to the fall of land values in recent years and also the very hazardous system of our appropriating all receipts from Societies primarily towards the interest due by them although the bulk of such receipts might be the amounts recovered in adjustment of the entire

dues,

103

including the principal that had to be paid to the Societies by their individual members whose properties had been released from mortgage, and have thus disappeared from the securities available for the Bank's dues.

Though the ~~gi~~ figures above mentioned undoubtedly indicate that the Bank is now in rather a very critical, if not dangerous condition, I believe that it can be improved and restored to normal condition and enabled to become independant and capable of extending its operations and rendering substantial help to poor and deserving people all over the State if the Government, and especially the Co-operative and the Revenue Departments take greater interest in its working and in effecting prompt recoveries. It is not necessary for me here to refer to the handicaps that have been placed in recent years in regard to the recovery of the stamp fees chargeable in disputes, the saddling of charges of liquidation on the Bank and similar other matters since these are already engaging the attention of the Board. A spirit of faction is rampant in most Societies: people hold back payment of their dues lest they should be forced to make good the losses likely to be sustained by the fraudulent or similar other improper conduct of their opponents. Some of the Societies seem to be dominated by petty and unscrupulous tyrants who, besides being themselves the worst defaulters of the Societies they are supposed to foster and manage, exploit and ruin their poor and helpless fellow members whose crops they ~~cease~~ seize in the name of the Societies and appropriate for their own use. There are reasons to believe that amounts received from poor and simple villagers have neither been properly acknowledged by passing any vouchers to them nor brought on the accounts, in some cases. In one instance, I was informed by several people that the widow and orphan children of such a deceased member whose properties were brought to sale by the fraudulent conduct of the Society's office-bearers were driven out from their fields and prevented from taking any portion of the produce which were appropriated for their own private use by the latter, - the Society not yet having secured possession of the lands. To be brought face to face with such troubles without being in a position to give any help lest the interests of the equally helpless

helpless constituents of the Bank should suffer, is most depressing and unbearable, but that seems to be the position which those of us will have to put up with for some time ~~xxx~~ until Government comes to our aid.

In most of the cases, I am assured that it will not be difficult to get back our dues gradually if measures can be devised to attach and sell a fair portion of the crops which are ~~reguarly~~ regularly raised by the parties or their tenants and converted into cash and jewels or are consumed and wasted away otherwise. I am afraid that unless we now seek, in addition, the intervention of Government and the Legislature for making statutory provision for the expeditious and prompt recovery of the amounts due to us in suitable instalments by proceeding against the crops from year to year without recourse to regular suits, there is small chance of the Bank meeting its liabilities and recovering stability.

In this connection, I would also suggest the desirability of minimising or doing away with liquidation proceedings and the practice of supersession of Committees of Management, as ~~they~~ these do not seem to be sufficiently effective to ~~xxx~~ answer present requirements. It is ~~xxx~~ extremely difficult to secure the services of men of the right type to do the liquidation work or to manage the affairs of the Societies with single minded devotion and ~~xxxxx~~ disinterestedness, and the measures themselves are likely to cause more injury both to the Bank and the Societies concerned. In watching and encouraging recoveries by payment of commission therefor, to the agents and others engaged in collection work, it seems very necessary to make a distinction between recoveries effected towards principal and those towards interest, a higher percentage being allowed in the case of the latter, with a view to minimise incentive to secure larger commission by recovering speedily the full amounts due in respect mainly of cases in which the securities available are substantial and easily marketable.

If the forms adopted by me for finding out the comparative soundness of the securities now available for our loans are considered suitable, I beg to suggest that a sufficient number of them may be got

105

got printed and all the information available in the Bank in respect of each indebted Society and its loan holding members, got entered here and that they may then be passed on to the Bank's or Departmental Inspectors concerned for return after note of the remaining particulars by examining the Taluk Office records, Village accounts and Sub Registrar's Books on the lines now adopted.

" C o p y "

SECOND MEMBER
31 OCT. 1938
No.

Points raised by Mr.M.A.S. Iyengar.

1. Signs of alarm.

If the fall in deposits is to be construed as "alarm", this has to be admitted, but I understand that there are no such signs of "alarm". If there were, people would have applied for a refund of their deposits. But applications for refund of fixed deposits before maturity are very rare. I have already submitted proposals for restoring public confidence.

2. Loans due by societies.

Removal of better class and solvent members.- This is not permitted in an indebted society by me at any rate. If it had been done formerly, I am not aware. Such cases are few and far between.

Bad debts.

May come up to five lakhs as mentioned in my note. After deducting the losses, on account of misappropriations etc., a reserve of 2.6 lakhs is available. A further reserve of 2.4 lakhs has to be built up gradually. His estimate of eight lakhs is exaggerated.

Examination and renewal of debts due by the borrowers of indebted societies.

I have proposed this in my note.

Increase of establishment charges.

Scope for retrenchment to be examined.

Legitimate function of the Bank.

Financing societies and serving as a balancing centre.

No demand for loans.

The other societies find it profitable to invest their monies in other banks.

Public confidende must be restored.

107

Commission for execution of decrees.	The Revenue Commissioner has since circularised that it should be on the amount collected and not on the amount of the decree.
Court fees in the first instance.	In the case of indebted societies, I have been allowing the taking of disputes without court-fees on the recommendations of the Apex Bank. There is no cause for complaint now in this respect.
Constitution of the Board.	If we have all local directors only the Bank will cease to be an Apex institution.
D.C. to be President.	This means undue cost.
D.C.of Bangalore to be a Director.	This is not necessary now. If there were decrees to be executed, it is a different matter.
Secretary.	Wants to have a ministerial officer The present Secretary joined the Bank in April and has been there for the last seven months.
Encouragement of loans to individuals.	This would be against the ideal of the Apex Bank - Federation of societies The general body have passed a resolution to this effect and I have not approved the amendment.
Appointment of Recovery officers.	Revenue Inspectors are being appointed by the Revenue Commissioner wherever the decree pendency is heavy.
Adjustment of amounts received from societies.	To be examined by the Bank. The method of appropriation should be so

106

to the Bank while not taking away the corporate responsibility of the society.

Adopting precautionery measures for Land-revenue dues of Bank's lands of society's lands.	Desirable.
Confirmation of sales.	Commission has to be paid before the confirmation can be ordered; payment cannot be put off till the lands purchased by the society are sold.
Time limit for issue of sale certificate..	Delay in any case may be brought to the notice of the Deputy Commissioner's concerned.
Purchasers to be put in actual possession when the judgment-debtors themselves are in possession.	This has to be examined. Mr. Chandy had given a circular to this effect.
Decrees to be executed against other properties when the sale proceeds of mortgaged properties are insufficient.	This is being done. Refusal to do so may be brought to the notice of the Deputy Commissioners concerned.
Liquidation charges.	These are a first charge on the assets of the societies in liquidation. As ultimately the Bank gets this, out of the recoveries, there is no point in this representation.
Record of Rights entry.	This may be examined with the Revenue Commissioner.
Amendment of Regulation re: withdrawal of shares.	A)Aims at preventing refund of shares (willbe examined) B)This appears to be too drastic. The present provision of one year(Section 24) appears ample, generally if the father dies, the son is admitted to membership. Extension of Section 66 to the Apex

Bank loans is necessary. 109

CONFIDENTIAL.

IMMEDIATE.

M. ABDUL HUKH, Esq., B.A.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

REVENUE SECRETARIAT 2302 DEVELOPMENT BRANCH.

D. O. No. 537 Encl. A copy of Notes

Dated Bangalore, 28-10 October 1938.

110

Dear Mr.Krishna Rao,

I send herewith a copy of a Note prepared by me on the position of the Apex Bank and the measures necessary for placing it on a satisfactory basis. I discussed the question with Mr.C.S.Kuppuswami Iyengar, President of the Bank last Tuesday and he is of the opinion that Government backing to the Debenture Scheme should be to the extent of Rs.20 lakhs, though I think, that it is enough, if the same is limited to Rs.5 lakhs for the present. As the matter is of very great importance, I request that the Note may kindly be submitted to the Member and a date fixed for examining the questions further and discussing them with Mr.Kuppuswami Iyengar, if necessary.

Yours sincerely,

Abdul Hukh

P.H.Krishna Rao, Esq., M.A.,
Secretary to the Government of Mysore,
Local Self-Government Department, Bangalore.

L.S.27/10.

CONFIDENTIAL.

111

Note on the position of the Mysore Provincial Co-operative Apex Bank,Ltd., and the necessity for rehabilitating it.

+====**********====+

The note is intended to examine the present position of the Bank, and the causes in brief that contributed to it with suggestions for placing it on a strong basis.

2. At the end of June 1938, the Bank had on its rolls 1,001 Societies and 240 individuals as members who had in all taken up 3,990 shares and paid therefor Rs.2,56,732, the subscribed share capital being Rs.3,99,000. The Bank held deposits aggregating Rs.29,16,850, of which Rs.25,18,948 was under fixed deposits and the rest under current, savings and thrift deposits. There has been a steady fall in the deposits held from year to year as the following statement will show:-

30-6-1934.	30-6-1935.	30-6-1936.	30-6-1937.	30-6-1938.
Rs.	Rs.	Rs.	Rs.	Rs.
35,55,140	33,59,228	31,74,279	31,97,748	29,24,066

The fall during 1934-35 and 1935-36 did not affect the Bank as it then had plenty of surplus money on hand on which it had to pay interest, without at the same time earning any interest.

3. A small increase is noticeable during the year 1936-37, but a sharp decline is observed during 1937-38. There has been a further substantial decline during the last three months, the deposits held on 30-9-1938 being only Rs.27,35,320. It is also seen that the renewals of old Fixed Deposits are very small as indicated by the following statement prepared for the last 10 months:-

Month.	Amount of Fixed deposits refunded in cash.	Amount of matured Fixed Deposits renewed.	Amount of fresh Fixed Deposits received
	Rs.	Rs.	Rs.
December 1937.	7,000	7,200	17,499
January 1938	42,304	20,220	15,916
February "	28,083	16,162	6,282

112

Month.		Amount of Fixed Deposits refunded in cash.	Amount of matured Fixed Deposits renewed.	Amount of fresh Fixed Deposits received.
		Rs.	Rs.	Rs.
March	1938	22,585	18,484	14,400
April	1938	42,475	14,890	11,500
May	1938	39,660	15,246	3,400
June	1938	76,299	7,760	4,500
July	1938	46,806	5,400	5,595
August	1938	8,300	2,500	6,454
September	1938	22,585	6,425	19,283
Total	..	3,36,097	1,14,287	1,04,829

4. The fall in deposits may perhaps be attributed to the repurcussions that the crash of the Travancore National and Quilon Bank and the Bangalore Bank had on the minds of the investing - public, and if this outward flow is not arrested, the position of the Bank will become precarious in a short time. Its fluid resources are hardly 4 lakhs while the current deposits held by it amount to 2½ lakhs and the fixed deposits that have already matured for payment aggregate Rs.2¼ lakhs and those maturing within the next 9 months amount to Rs.4 lakhs. Thus the Bank may have to meet nearly Rs.8 lakhs during the next few months. As matured deposits are sparingly renewed and fresh deposits are not coming in, the Bank will have to face a crisis very soon unless in the meanwhile the Bank improves its resource position.

5. Barring the fluid resource of Rs.4 lakhs above referred to and the buildings which may be valued at about Rs.50,000/-, the other assets of the Bank are all debts due by societies aggregating Rs.22.26 lakhs towards principal and Rs.4.56 lakhs towards interest or in all 26.82 lakhs and advances and over-drafts against deposits and securities which aggregate Rs.1.17 lakhs. The Bank has got reserves in its books to the extent of Rs.3 lakhs but against this, the losses that have accrued on account of the misappropriations

and

113

and unauthorised and unsecured overdrawals amounting in all to about Rs.40,000 ~~which~~ will have to be set off, leaving 2.6 lakhs only which is quite inadequate to meet the losses on account of the frozen debts due by societies. In this connection it may be mentioned that a sum of Rs.4.56 lakhs due towards interest from the societies has been taken into account for the purpose of reckoning profits in previous years. Happily this pernicious practice has been put a stop to for the last two years. Deducting the net reserve of Rs.2.6 lakhs from this, we get Rs.1.94 lakhs which represents the capital utilised for paying interest to depositors and dividends to share-holders in the past.

6. The attraction of heavy deposits at rates ranging upto 7½ % per annum for long periods, the grant of loans at a rate of interest leaving a very small margin of 1 % as against 3 % recommended by the Maclagan Committee of Co-operation in India for working expenses and non-recovery of even the interest amounts regularly and promptly, while interest had to be paid to the depositors regularly, led to a depletion of the capital. Since 1934 however the rates of interest have been reduced considerably the maximum rate now given being only 4½ %. But the past commitments are still there and on them interest at the contract rate has to be paid till they mature for payment.

7. The debts due by societies as above mentioned aggregate Rs.26.82 lakhs, the percentage of overdues being nearly 80. The causes for this state of affairs are not far to seek. The Bank's heavy lendings were in the years 1928-29, 1929-30 and 1930-31, just prior to the days of depression. The land values were then very high and the commodity prices had also reached their zenith and the agriculturists were prosperous, indeed. On the basis of a valuation of the lands according to the then ruling rates, loans were granted mostly for the redemption of debts upto 50 per cent of the estimated value of the properties. The recoveries were

114

were also satisfactory during those years. But with the advent of the economic depression, the agriculturists were unable to pay the instalments or even interest. Defaults became the order of the day. Overdues mounted up by leaps and bounds. The authorities of the Bank as well as the Officers of the Department lost their balance. Coercive processes were adopted; suits were filed, decrees obtained and execution proceedings instituted. But the results have been disastrous to the Movement, the societies and the Bank. In execution sales, for want of outside bidders the societies themselves or the Bank had to purchase the mortgaged properties. This only added to their troubles. The management of such vast areas is not an easy matter. And the Bank and the Societies indebted to it have been year after year, forced to pay land revenue on their lands without realising any adequate income from them. The following statistics indicate the recoveries during the three years prior to depression and from 1931-32 onwards upto 30th June 1938.

Year.	Recoveries.		Total.	Total outstandings at the end of the year.
	Interest.	Principal.		
	Rs.	Rs.	Rs.	Rs.
1927-28	77,000 (about).	83,900	1,60,900	11,89,560
1928-29	1,26,800	1,57,226	2,84,086	16,88,979
1929-30	1,48,862	1,82,301	3,31,163	23,11,559
1930-31	1,37,374	3,01,566	4,38,940	26,36,640
1931-32	1,49,689	98,622	2,48,311	26,21,395
1932-33	1,34,366	1,29,459	2,63,825	25,88,646
1933-34	1,20,103	1,27,627	2,47,730	24,54,750
1934-35	1,31,795	1,49,035	2,80,830	23,17,352
1935-36	1,19,705	73,527	1,93,232	22,89,416
1936-37	1,43,179	1,03,978	2,47,157	22,21,313
1937-38	1,26,253	84,259	2,10,512	22,26,082

It is thus clear that the present situation is the legacy of our

115

our past commitments. It is understood that since July 1938, the recoveries have further dwindled to an average of about Rs.6,000 under interest and an equal sum under principal, per month.

8. From an examination of the conditions of many indebted societies, I have come to the conclusion that the bad debts of the Bank may come to about five lakhs of rupees in the long run out of the 26.82 lakhs of rupees due by societies. To meet this anticipated loss, the reserves available now aggregate Rs.2.6 lakhs. This means that the Bank has to provide for a further sum of Rs.2.4 lakhs for which purpose, it has to build up a strong reserve. In addition to the statutory contribution of 25 per cent of the profits to the reserve, the Bank has, at my instance, made provision in its byelaws for setting apart 5 per cent of the profits to a Bad Debt Reserve.

9. The important lines in which the Bank's position should be retrieved may be placed broadly under the following heads:-

(1) Measures for restoring the public confidence in the Bank and improvement of its resources.

(2) Improvement of recoveries from societies and increasing the income of the Bank.

(3) Minimising expenditure.

10. Measures for restoring public confidence and improvement of resources.

The huge funds that have been attracted by the co-operative institutions are in a large measure due to the belief that the Government are behind the Movement. This was correctly the case in respect of the Apex Bank. The failure of the Bank will spell utter ruin to many of the depositors - pensioners, widows and minor children and will mean the collapse of the rural Co-operative Movement and will also be a rude shock to the Urban Movement from which it may be very hard for it to recover. Psychology plays a great part in finance. Fluctuations of

116

of markets are as much influenced by mental as by monetary - currents. It is therefore necessary that not only in the immediate interests of the Movement but also in the larger interests of rural economy, that Government should back up the Bank. The best way of restoring public confidence in the Bank is by authorising it to raise debentures guaranteed by Government, both for principal as well as interest, in the same way as in the case of the Land Mortgage Bank. This will enable the Bank to pay off the heavy rated deposits or convert them into debentures. These debentures may carry interest at say between 3½ and 4 per cent and be made repayable in twenty years. There is provision in the Byelaws of the Bank for raising capital by the issue of debentures (Vide Byelaw 14(c)). Government have already got the power of nominating two Directors to the Board of Management.- (Rule 32). Power may be taken to nominate the President also. The Bank may not be put to the necessity of issuing any debentures at all as the mere announcement that Government is prepared to guarantee the debentures may be a source of strength to the Bank. This will also enable the Bank to attract deposits at low rates, for periods upto 5 years at 3 or 3¼ per cent, the debentures being issued only in case of conversion of the existing long-term deposits carrying high rates and when there is a real need to get cash. I may add that the Government of Bihar have given a similar privilege to the Bihar Provincial Co-operative Bank and they have authorised it to float debentures to the extent of Rs.20 lakhs, the principal and interest of which is -- guaranteed by the Government of Bihar. A similar concession to the extent of Rs. 5 lakhs is absolutely necessary to the Apex Bank.

11. Government have in their Order No.D.970-71/C.S.34-33-17 dated 13th August 1935 been pleased to sanction a loan of Rs.1½ lakhs at 4½ per cent to the Apex Bank for financing House-Building Societies at a rate not exceeding 5½ per cent. The Bank

Bank has out of its own funds financed House-Building Societies to the extent of over Rs.1½ lakhs and applications involving over a lakh more are stated to be pending scrutiny. I think the work of financing House-building societies may be entrusted to the Bank itself and the loan amount enhanced to Rs.3 lakhs. This will be an additional fillip to the Bank.

2. Improvement in recoveries from societies and increasing the income.

12. As already mentioned above, the debts due by the rural societies are all frozen, on account of the depreciation in lands values, fall in commodity prices and the consequent inability of the debtors to repay the debts on the original terms of repayment. It is therefore necessary that such of the outstanding debts as are not considered irrecoverable but nevertheless cannot be recovered in the normal course should be placed on a definitely long term basis. In doing so, it is not necessary to fix a uniform period of 15 or 20 years in all cases. Each case must be considered on its own merits, having regard to the revised estimate of the repaying capacity of the debtor, value of the security behind the loan and other relevant circumstances. For this purpose, the debts due by members of societies should be thoroughly examined with reference to security and repaying capacity and a consolidated bond for the principal and arrears of interest (less any reasonable remission) with the same securities plus additional securities, wherever available, should be taken at the current rate of interest which should be reasonably low considering that the interest is compounded and the repayment of the consolidated loan spread over fifteen to twenty years To avoid future troubles, in cases in which, properties belonging to a joint family are taken as security, all the coparceners major and minor interested in the properties may be made to execute the documents jointly, the minors being represented by their lawful guardians. The Land Mortgage Bank will have to be

118

be induced to pay up the consolidated debts wherever the Land Mortgage Societies are operating, provided the securities are - adequate. Simultaneously with the above, every endeavour should be made to dispose off as quickly as possible the lands purchased by societies and the Bank in decree execution or land revenue sales. Wherever possible, such schemes should be so worked as to restore the lands to the members, under a suitable plan for the recovery of the loan amount or the purchase money in easy instalments. In cases where the lands cannot be sold for cash, the question of granting loan to the purchaser on the security of the lands in question together with his other properties, may also be considered and a suitable period of repayment fixed.

13. With a view to place the question of recoveries in future in all such cases on a satisfactory basis, it is essential that the provisions of Section 66 of the Mysore Co-operative Societies Act should be made to apply to the loans granted out of the funds provided to societies by the Apex Bank. This will facilitate recoveries and there will be no room for arrears to accumulate. The co-ordination of the work of the Land Mortgage Bank with the Apex Bank in areas where the latter has lent large sums of money is also necessary and should be attempted. There is a feeling that the Land Mortgage Bank which came very late into the field of rural economy is shown preference over other Co-operative Institutions. In fact these other institutions have rendered yeoman services in the past and deserve special encouragement. Some of the facilities given to the Land Mortgage Bank-debentures statutory help for recoveries, subventions for meeting the expenditure on staff and for reducing the rates of interest, may also be given to the Apex Bank which deserves encouragement and help in this respect to enable it to re-establish itself as the centre for all rural credit.

14. The business of the Bank has become very slack on -

119

on account of the absence of any demand for loans from well managed rural societies. The urban societies do not require much outside financial help. It is only in the way of financing House-Building Societies that the Bank has been able to do some business This activity will have to be developed. The Bank will also have to be permitted to grant advances to depositors on the security of their deposits in the Bank.

(3) Reduction of expenditure.

15. At the General Meeting of the Bank held on 18th September 1938 an appeal was made that Government may be requested to bear the full pay and allowances of the Assistant Commissioner Secretary of the Bank. At present half of this is borne by the Bank and the other half by the Government. It is also necessary that the Bank should effect suitable retrenchments in Staff, for which there is, in my opinion, ample scope. Economy, however small and insignificant, is welcome at this juncture in the larger interests of the Bank. The scale of salaries obtaining in this Bank, is, in my opinion, somewhat liberal compared with salaries paid in Government Offices and in other Co-operative institutions, to persons having similar qualifications. Unqualified staff should gradually be replaced by qualified staff. It is understood that the rates of Travelling Allowance allowable to the staff have been recently raised. The time is not opportune for such enhancement. The staff should be made to realise that their interests are bound up with those of the Bank and that they are expected to co-operate with the authorities in the attempts for the rehabilitation of the Bank.

+======*****======+

Registrar.

L.S.27/10.

Appendix F G—1]

SUBJECT 120

Not detached as not been received

Do letter has since been received from the

Diary No. of letter replied to ..... Immediate

Section 65

File No. 11-36

Serial No.

Do. No. W 3986-87

General and Revenue Secretariat

( )

the *193* .

Date of issue 5.11.37

Signed by

To

Dear Sir

I am desired to state that the Second member of Council ~~desires~~ to discuss with you and Mr. C.S. Kuppuswami Ayyar the ~~question~~ present position of the Apex Bank and the measures necessary for placing it on a satisfactory basis, and to request you to kindly make it convenient to meet him in his Chambers at 3 P.M. on Friday the 11th instant

Yours sincerely

List of enclosures.....

Copied by .....

Examined by.....

To 1) M. Abdul Hakeem Esq BA BL
Registrar of Cos

2) C.S. Kuppuswami Ayyar Esq
President
The Mysore Provincial Co-op Apex Bank Ltd
Hardinge Road
Bangalore City

WD 0278—GPB—30,000—4-3-38

Mr. P. H. KRISHNA RAO, M. A.,
Secretary to Government,
Local Self Government Department.

GENERAL AND REVENUE SECRETARIAT,

Bangalore, Dated, 5th November 193 8

Immediate.

D. O. No. D 3986-87/C.S. 11-36

Dear Sir,

I am desired to state that the Second Member of Council would be glad to discuss with you and Mr. C.S. Kuppuswami Iyengar the Registrar of C.S. the present position of the Apex Bank and the measures necessary for placing it on a satisfactory basis and to request you to kindly make it convenient to meet him in his Chambers at 3 P.M. on Friday the 11th instant.

Yours sincerely,

DH)

5/11/38

The Registrar of Co-operative Societies
" President, The Mysore Provincial Co-operative Apex Bank Ltd., Bangalore City

GOVERNMENT OF MYSORE

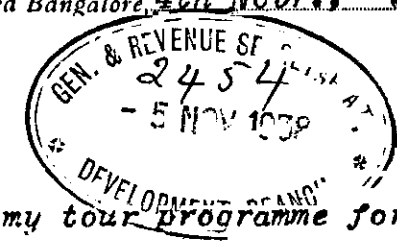
M. ABDUL HUKH, Esq., B.A.

DEPARTMENT OF CO-OPERATION

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

D. O. No. 553

Dated Bangalore, 4th Novr., 1938



Dear Mr. Krishna Rao,

I have already sent my tour programme for this month and according to that I will be away from Head Quarters for a week from the 7th instant. I therefore request you to kindly fix the meeting re: Apex Bank on any day convenient to the Member after the 14th.

Yours sincerely,

Abdul Hukh

P.H.Krishna Rao, Esq., M.A.,
Secretary to Government,
Local Self Government Department,
Bangalore

Appendix F G—1

SUBJECT .....

.....

.....

Diary No. of letter replied to .....

Section bs

File No. 11-36

Serial No.

Urgent

No. D 4199-200

General and Revenue Secretariat

( )

the 193 .

Date of issue 9/11/38

Signed by Mr. P. H.K

To

Dear Sir

I am desired to state that the Second Member of Council would be glad to discuss with you and Mr. C.V. Kuppuswami Iyengar the present position of the Apex Bank and the measures necessary for placing it on a satisfactory basis and to request you to kindly make it convenient to meet him in his Chambers at 3 P.M on Tuesday the 15th instant

Yours sincerely

PR

Secy

the time fixed is for about

4

List of enclosures .....

Copied by .....

Examined by 7/11/38

To 1) M. Abdul Hakk Esq. BA
Registrar of Co.

2) Mr. Kuppuswami Iyengar Esq
President. The Apex Bank Ltd
Hardinge Road. Bangalore city

WD 0278—GPB—30,000—4-3-38

Mr. F. H. KRISHNA RAO, M. A.,
Secretary to Government,
Local Self-Government Department.

GENERAL AND REVENUE SECRETARIAT,

Bangalore, Dated, 9th November 193 8

D. O. No. D 4199-200

124

Dear Sir,

I am desired to state that the Second Member of Council would be glad to discuss with you and Mr. C. S. Kuppuswami Iyengar the present position of the Apex Bank and the measures necessary for placing it on a satisfactory basis and to request you to kindly make it convenient to meet him in his Chambers at 3 p.m. on Tuesday, the 15th instant.

Yours sincerely,

9/11

M. Abdul Hukh, Esq., B.A.,
Registrar of Co-operative Societies in Mysore,
Bangalore.

C. S. Kuppuswami Iyengar, Esq.,
President, The Appex Bank Ltd.,
Hardinge Road, Bangalore City.

No. 4858

THE MYSORE PROVINCIAL CO-OPERATIVE APEX BANK, LTD.

No. 1, HARDINGE ROAD, CHAMARAJAPET

MR. B. T. KEMPANNA B.A., LL.B.
Secretary

GEN. & ELECTRIC EXCHANGE 2696 PHONE 207
16 NOV 1938
DEVELOPMENT BRANCH.
BANGALORE-CITY

Dated 16th Novr.38.

SECY LOCAL SELF GOVT 1938

Dear Sir,

I send herewith a statement of Loans due by the indebted societies as on 30-6-38, arranged according to Districts and Taluks as desired by the President of the Bank for your kind information.

Yours sincerely,

To

P.H.Krishna Rao Esq., M.A.,
Secretary to Government
Local Self Government Department,
Bangalore.

THE MYSORE PROVINCIAL CO-OPERATIVE APEX BANK LTD

****

176

Consolidated statement of Loans due by indebted societies as on 30-6-38.

District.	No.of indebted Societies.	Amount due towards. Principal.	Interest.	
Bangalore District.	109	Rs.7,63,418/-	Rs.2,14,642/-	I
		Total 978060		
Tumkur	75	4,05,265/-	86,627/-	II
		491892		
Mysore	36	1,88,029/-	18,788/-	V
		206817		
Kolar	34	1,40,487/-	52,248/-	VI
		192735		
Hassan	24	1,37,463/-	17,917/-	VII
		155380		
Kadur	36	2,25,577/-	56,625/-	III
		282202		
Shimoga	41	2,16,427/-	58,649/-	IX
		275076		
Chitaldroog	35	1,49,374/-	25,675/-	VIII
		175049		
	390	22,26,040/-	5,31,171/-	

Secretary.

THE MYSORE PROVINCIAL CO-OPERATIVE APEX BANK LTD

Statement showing the amount of loans due from indebted societies towards principal and Interest as on 30-6-38(Annas & pies omitted.)

BANGALORE DISTRICT

Bangalore District.	Taluk.	No.of Societies.	Amount due towards Principal.	Interest.
	Bangalore City & Taluk.	40	Rs.3,74,616/-	Rs.89,181/-
	Channapatna	10	83,332/-	40,618/-
	Devanahalli	7	33,491/-	9,720/-
	Hosakote	5	8,973/-	3,807/-
	Closepet	2	5,592/-	970/-
	Magadi	3	17,896/-	3,319/-
	Kankanhalli	1	15,925/-	5,725/-
	Nelamangala	19	83,936/-	25,231/-
	Anekal	9	89,979/-	17,553/-
	Doddaballapur	13	49,678/-	18,518/-
		107	7,63,418/-	2,14,642/-

THE MYSORE PROVINCIAL CO-OPERATIVE APEX BANK LTD

Statement showing the amount of loans due from indebted societies towards principal and Interest. as on 30-6-38.(Annas and pies omitted)

TUMKUR DISTRICT

Taluk.	No.of indebted Societies.	Amount due towards Principal.	Interest.
Tumkur	12	Rs.1,06,075/-	Rs.11,922/-
Kunigal	4	10,685/-	1,453/-
Sira	2	6,197/-	5,183/-
Koratagere	14	68,767/-	26,219/-
Gubbi	8	37,085/-	13,592/-
Chicknaiyakanahalli	7	58,343/-	14,816/-
Madhugiri	6	17,709/-	2,039/-
Pavagada	5	13,078/-	1,843/-
Tiptur	13	75,785/-	5,769/-
Turuvekere	4	11,541/-	3,791/-
	75	4,05,265/-	86,627/-

MYSORE DISTRICT

Taluks.	No.of indebted Societies.	Amount due towards Principal.	Interest.
Mysore City	2	Rs.14,961/-	13/-
Mysore Taluk	1	4,208/-	273/-
Heggadadevanakote	2	3,005/-	222/-
Krishnarajanagar	7	38,479/-	2793/-
Periyapatna Sub Tk	1	2,315/-	579/-
Hunsur	5	24,047/-	5960/-
T.Narasipur	3	1,879/-	18/-
Nanjangud	2	11,517/-	1684/-
Mandya	1	52,960/-	313/-
Maddur	2	10,716/-	1403/-
Malavalli	2	5,933/-	813/-
Gundlupet	1	5,365/-	2963/-
Nagamangala	2	5,196/-	1707/-
Chamarajanagar T	1	450/-	47/-
Gundlupet	1	3,000/--	
Krishnarajapet	3	3,998/-	
	36	1,88,029/-	18,788/-

KOLAR DISTRICT

Name of Taluk.	No.of indebted Societies.	Amount due towards Principal.	Interest.
Kolar	4	Rs.16,308/-	Rs. 4,873/-
Bowringpet	1	6,740/-	2,266/-
Malur	2	7,421/-	4,613/-
Mulbagal	5	13,346/-	4,688/-
Chickballapur	3	12,766/-	5,606/-
Goribidanur	5	32,387/-	16,811/-
Sidlaghatta	2	5,593/-	625/-
Gudibanda	1	1,132/-	49/-
Bagepalli	2	166/-	7/-
Chintamani	7	43,428/-	12,710/-
Srinivasapur	2	1,200/-	
	34	1,40,487/-	52,248/-

HASSAN DISTRICT

Name of Taluk.	No.of indebted Societies.	Amount due towards Principal.	Interest.
Hassan	5	Rs.20,313/-	Rs.7,191/-
Saklespur	2	83,694/-	224/-
Alur	1	79/-	1/-
Arasikere	7	18,094/-	3,308/-
Belur	2	1,967/-	
Channarayapatna	6	8,873/-	4,634/-
Holenarasipur	1	4,443/-	559/-
	24	1,37,463/-	17,917/-

KADUR DISTRICT

Chickamagalur	13	78,726/-	21,311/-
Mudigere	1	43,211/-	5,214/-
Kadur	9	55,465/-	18,829/-
Tarikere	3	10,997/-	1,449/-
Koppa	6	16,708/-	1,657/-
Narasimharajapur	2	15,149/-	7,095/-
Sringerei	2	5,321/-	1,070/-
	36	2,25,577/-	Rs. 56,625/-

SHIMOGA DISTRICT

Taluks.	No.of indebted Societies.	Amount due towards Principal.	Interest.
Shimoga	6	Rs.41,544/-	Rs.7,821/-
Channagiri	17	1,06,612/-	43,044/-
Sagar	6	28,559/-	1,768/-
Thirthahalli	1	14,554/-	2,534/-
Nagar	1	5,769/-	676/-
Shikaripur	10	19,391/-	2,806/-
	41	2,16,427/-	Rs 58,649/-

CHITALDROOG DISTRICT

Chitaldroog	7	23,258/-	2,069/-
Challakere	11	45,579/-	14,549/-
Davangere	2	5,913/-	240/-
Harihar	4	25,491/-	4,563/-
Hosadurga	5	13,362/-	143/-
Hiriyur	1	16,200/-	
Holalkere	5	19,571/-	4,104/-
	35	1,49,374/-	25,675/-

GOVERNMENT OF MYSORE.

M. ABDUL HUKH, Esq., B.A.,

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

BEN. & REVENUE SECRETARIAT. 3101. 1 DEC 1938 BEN. DEVELOPMENT BOARD

DEC. 1938 LOCAL SELF GOVT. OF MYSORE.

D. O. No. 661 *Dated Bangalore,* 4th December 1938.

Dear Mr.Krishna Rao,

In continuation of my D.O.No.537 dated 28th October 1938 on the rehabilitation of the Apex Bank, I send, herewith, for the information of Government, a copy of the extract from Agriculture and Industries Department Government Order No.929 dated 16th February 1937 of the Government of Bengal sanctioning a subsidy of 24 lakhs to the Bengal Provincial Co-operative Bank at the rate of Rs.2 lakhs per annum, received from the Manager of the said Bank.

Yours sincerely,

Abdul Hukh

P.H.Krishna Rao, Esq., M.A.,
Secretary to the Government of Mysore,
Local-Self-Government Department, Bangalore.

L.S.6/12.

An extract from Agriculture and Industries Department Government Order No.928 dated the 16th February 1937.

==========

"With reference to your letter No.1067 dated the 11th January 1937, I am directed to say that with the objects of enabling the Bengal Provincial Co-operative Bank to build up reserves which it should have and would have but for the losses on the Jute Sale and Supply Societies and to effect a substantial reduction in its rate of interest charged to members, Government (Ministry of Agriculture) have accepted the responsibility of making good to the Bank the loss of Rs.22 lakhs on the Jute Sale and Supply Societies, this - assistance being in the form of an annual subsidy of Rs.2 lakhs for 12 years beginning from year 1936-37. Sanction of Government is hereby accorded to the payment of the First instalment of this annual subsidy of Rs.2 lakhs during the current financial year."

==========

" Copy "

for Registrar.

GOVERNMENT OF MYSORE.

M. ABDUL HUKH, Esq., B.A.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

SECY. LOCAL SELF GOVT. 15 DEC 1938 GOVT. OF MYSORE

D. O. No. 678 Enc. one

Dated Bangalore, 14.12. December *193* 8.

3259

Dear Mr. Krishna Rao,

I send herewith for the perusal of Government, a copy of the latest Report and Balance Sheet as on 30th June 1938 of the Madras Provincial Co-operative Bank, Ltd. Kind reference is invited to the heading "Loans to Individuals" against deposits, Government securities, Land Mortgage Debentures etc., under the column "Property and Assets" of the Balance Sheet. It is this concession that I have been urging in respect of our Apex Bank.

Yours sincerely,

M. Abdul Hukh

P.H.Krishna Rao, Esq., M.A.,
Secretary to Government of Mysore,
Local Self-Government Department, Bangalore.

L.S.13/12.

133

The Madras Provincial Co-operative Bank, Limited.

Thirty-second Annual Report and Statement.

The Committee have the pleasure to submit herewith audited statements of the affairs of the Bank for the year ending 30th June, 1938 :—

		Rs.	A.	P.
The Net Profit amounted to		2,93,184	4	4
Deduct amount added to Reserve Fund being 1/4th of the net profit		73,296	2	0
	Balance ..	2,19,888	2	4
Add balance brought forward from last year		25,699	6	0
	Total ..	2,45,587	8	4

The Executive Committee make the following recommendations for the disposal of this amount :—

	Rs.	A.	P.
1. To pay dividend on Preference and Ordinary shares at 9 per cent	59,449	14	0
2. To appropriate to Common Good Fund	21,988	0	0
3. To add to Building Fund	43,977	0	0
4. To add to Depreciation Reserve	50,218	12	0
5. To pay Bonus to Establishment	4,111	0	0
6. To add to Reserve Fund	26,703	14	0
7. To carry forward to next year	39,139	0	4
Total ..	2,45,587	8	4

With the additions made and to be made as above, the Reserve Fund would amount to Rs. 17,50,000 and the Depreciation Reserve to Rs. 6,00,000.

A branch of the Bank was opened in Saidapet in December, 1937, and is working satisfactorily.

The Executive Committee desire to thank the Registrar of Co-operative Societies for help rendered and advice given during the year.

(By Order of the Committee.)

MADRAS,
14-10-1938.

T. RAGHAVENDRA RAU,
Secretary.

B 4

THE MADRAS PROVINCIAL

(*Balance Sheet a*

CAPITAL AND LIABILITIES.	Rs. A. P.	Rs. A.
I. Capital—		
Authorised capital: 7000 shares of Rs. 100 each	..	7,00,000 0
Subscribed capital: 6558 shares of Rs. 100 each	..	6,55,800 0
Amount called and paid up at Rs. 100 per share	..	6,55,800 0
Uncalled capital *Nil.* ..	..	
II. Reserves—		
(*a*) Statutory Reserves	..	16,50,000 0
(*b*) Bad and Doubtful debt reserve *Nil.* ..	..	
(*c*) Reserve for overdue interest .. *Nil.* ..	..	
(*d*) Other reserves and funds—		
(i) Depreciation Reserve	5,49,781 4 0	
(ii) Building Fund	29,784 2 0	
		5,79,565 6
III. Deposits—		
Current (*a*) Individuals	36,13,653 2 2	
(*b*) Primary societies	4,93,677 5 4	
(*c*) Central banks and unions	5,46,238 15 9	
		46,53,569 7
Savings (*a*) Individuals	12,21,258 4 5	
(*b*) Primary societies	49,897 2 4	
(*c*) Central banks and Unions	1,489 0 1	
		12,72,644 6
Fixed (*a*) Individuals	45,46,428 0 6	
(*b*) Primary societies	3,69,000 0 0	
(*c*) Central Banks and Unions	15,27,014 14 0	
(*d*) Central Banks' Res. Fund	31,78,023 14 5	
		96,20,466 12
Provident doposits	..	6,61,116 0
Employees' provident fund deposits	..	84,334 10
IV. Loans, Cash Credits and Overdrafts—		
(i) Loans from Government .. *Nil.* ..	..	
(ii) Loans from Imperial Bank of India (overdraft against Security of G.P. Notes for Rs. 48,89,000)	..	8,10,368 8
V. Capital raised by debentures (floating charge on general assets) ..	..	2,14,600 0
VI. Bills for Collection (per contra) *Nil.* ..	..	
VII. Unclaimed dividends	..	1,377 5
VIII. Interest Payable	..	2,48,033 2
IX. Branch adjustments .. *Nil.*	..	..
X. Sundries or other liabilities—		
Suspense	49,022 5 0	
Redeemed ordinary shares	430 0 0	
Surrendered Pref. Shares	320 0 0	
Pref. Shares Redemption Fund	2,040 0 0	
Common Good Fund	1,911 7 2	
Clearing House	60 0 0	
Subvention to Central banks ..	375 0 0	
Bonus to establishment	23 0 0	
		54,181 12
XI. Profit and Loss Account—		
(*a*) Balance brought forward	25,699 6 0	
(*b*) Net profit since last Balance Sheet ..	2,93,184 4 4	
		3,18,883 10
Contingent liabilities *Nil.* ..	..	
Total ..	..	2,08,24,941 2

Profit and Loss Account for t

DEBIT.	Rs. A. P
To Interest on deposits and other borrowings	3,67,200 12
„ Establishment charges	52,018 12
„ Contingent charges	22,698 2 1
„ Income-tax	43,470 14
„ Directors' and Auditor's Fees	11,850 0
„ Allotment for subvention and subsidy to Central Banks	18,000 0
„ Bad debt written off	89 15
„ Net Profit	2,93,184 4
Total ..	8,08,512 3 8

GEORGE TOWN, MADRAS,
30th June 1938.

C. C. REDDY & CO., R.A.
Auditors.

CO-OPERATIVE BANK, LTD.

n 30th June, 1938.)

175

PROPERTY AND ASSETS.	Rs. A. P.	Rs. A. P.
I. (a) Cash at Head Office and Branches ..	2,24,811 2 6	
(b) Balance at Bankers on current a/cs.	7,06,316 4 1	
		9,31,127 6 7
(c) Deposits with approved banks	..	
II. (a) Investments in Govt. securities face value Rs. 131,26,600, of which Rs. 16,75,937 are on account of reserves	..	1,26,47,282 15 8
(b) Investments in shares, debentures or bonds of Joint Stock Companies	..	
Reserve Bank shares	1,000 0 0	
(c) Investments in shares of other co-operative societies ..	..	
Shares in South India Co-op. Insurance Society.. ..	15,000 0 0	
Do. in Central Co-operative Printing Works	1,000 0 0	
		17,000 0 0
III. Sinking Fund investment .. .. *Nil.* ..	..	..
IV. Loans, cash credits and overdrafts of Co-operative Societies, Central Banks excluding liquidated societies—		
(a) Loans to primary societies	13,50,635 8 6	
of which overdue .. Rs. 3,44,248 8 6	..	
Bad & doubtful .. *Nil.* ..	..	
Overdrafts	1,08,629 3 6	
(b) Loans to Central Banks	28,78,302 0 0	
Overdrafts	6,70,977 15 10	
of which overdue .. Rs. 36,935 0 0	..	
Bad & doubtful .. *Nil.*	.	
(c) Long term loans to Land Mortgage Banks (investment in debentures)	16,23,200 0 0	
of which overdue .. .. *Nil.* ..	..	
Bad & doubtful .. .. *Nil.* ..	.	
		66,31,744 11 10
V. Dues from societies in liquidation .. *Nil.* ..	..	..
VI. Loans to individuals—		
(i) against deposits	2,31,763 0 0	
(ii) against Govt. securities	9,539 0 0	
(iii) against Cent. Land Mortgage Bk. debentures	76,180 0 0	
(iv) Overdrafts (secured)	39,651 15 1	
		3,57,133 15 1
VII. (a) Interest receivable on Govt. securities and deposits with Banks ..	..	1,35,427 4 0
(b) Interest receivable on loans and advances	..	76,944 9 1
excluding overdue .. Rs. 252 7 0		
Bad and doubtful .. *Nil.*		
VIII. Land and other fixed assets taken over in satisfaction of claims (at Govt. valuation)	..	17,780 11 4
IX. Dead Stock—(a) Premises (Purchased entirely out of Profits) ..	..	
(b) Furniture (less depreciation).	..	6,612 2 1
(c) Others	..	
X. Bills receivable (per contra) .. .. *Nil.* ..	..	
XI. Branch adjustments .. .. *Nil.* ..	..	
XII. Sundry assets—Suspense	2,019 6 8	
Miscellaneous deposits	135 0 0	
Bankers' payment order	1,733 0 0	
		3,887 6 8
Total ..	..	2,08,24,941 2 4

year ending 30th June 1938.

CREDIT.	Rs. A. P.
By Interest earned on loans and advances, Commission and Miscellaneous Fees ..	2,63,556 5 10
„ Interest earned on Government Securities	5,44,955 13 10
Total ..	8,08,512 3 8

S. KRISHNA RAO,
Accountant.

T. RAGHAVENDRA RAU,
Secretary.

The Madras Provincial Co-operative Bank, Limited.

Thirty-second Annual Report

AND

Statement of Accounts

AS ON

30th June, 1938

PASSED AT THE

ANNUAL GENERAL MEETING

HELD ON

6th November, 1938.

Hoe & Co., Madras.

The Madras Provincial Co-op. Bank, Limited.

EXECUTIVE COMMITTEE

as on 30th June 1938.

President:

The Hon'ble Mr. V. RAMADAS PANTULU.

Vice-President:

K BHASHYAM IYENGAR.

Other Members:

T. A. RAMALINGAM CHETTIAR
of Coimbatore Dt. Urban Bank, Ltd.

DR. P. GURUMURTI
of Rajahmundry Co-operative Central Bank, Ltd.

K. LAKSHMANA RAO
of Cuddapah Dt. Co-operative Central Bank, Ltd.

Dewan Bahadur
T. M. NARAYANASWAMI PILLAI
of Trichinopoly Dt. Co-operative Central Bank, Ltd.

K. RANGASWAMI IYENGAR
of Co-operative Central Bank, Ltd., Conjeeveram

C. VENKAT RAO
of Guntur Dt. Co-operative Central Bank, Ltd

T. R. VENKATARAMA SASTRIAR, C.I.E.

T. RAGHAVENDRA RAU, *Secretary.*

94

BUSINESS.

The purpose of the Bank is to finance Co-operative Societies registered under the Co-operative Societies' Act.

THE GOVERNMENT have authorised the investment in this Bank of the Funds of the Corporation of Madras, Local Boards and Municipalities and the security moneys tendered by Government, Local and Municipal Servants, Renters and Contractors and other quasi-public funds.

Detailed Rules may be had on application.

Head Office: 379, China Bazar Road, Madras.

Branches:
- Luz Church Road, Mylapore, Madras.
- Ibrahim Colony, Egmore, Madras.
- Karneeswarar Koil Street, Saidapet.

The Bombay Provincial Co-ope[redacted] Bank, Ltd.

(Registered under the Co-operative Credit Societies Act X of 1904, replaced by the Bombay Co-operative Societies Act VII of 1925.)

Authorised Capital	... ...	15,00,000
Issued Capital	... ...	13,00,000
Subscribed & Paid-up Capital	...	12,99,850

Office of the Registrar of Co-operative Societies
12 SEP. 1946
No.

1948

Has this Bank ever worked at a profit? Working at a loss.

HEAD OFFICE:

Sirdar Building, Apollo Street, Fort, Bombay.

BRANCHES:

Baramati	(District Poona)	Akluj	(District Sholapur)
Satara	(,, Satara)	Viramgam	(District Ahmedabad)
Islampur	(,, ,,)	Dhulia	(District West Khandesh)
Karad	(,, ,,)	Dondaicha	(,, ,, ,,)
Tasgaon	(,, ,,)	Shirpur	(,, ,, ,,)
Kirloskarwadi	(,, ,,)	Shahada	(,, ,, ,,)
Shirala	(,, ,,)	Nandurbar	(,, ,, ,,)
Koregaon	(,, ,,)	Sakri	(,, ,, ,,)
Wai	(,, ,,)	Sindkheda	(,, ,, ,,)
Ahmednagar	(District Ahmednagar)	Taloda	(,, ,, ,,)
Shevgaon	(,, ,,)	Malegaon	(District Nasik)
Kopargaon	(,, ,,)	Satana	(,, ,,)
Bhiwandi	(District Thana)	Kalvan	(,, ,,)
Palghar	(,, ,,)	Dohad	(District Broach & Panch Mahals)
Kalyan	(,, ,,)	Kalol	(,, ,, ,, ,, ,,)

BOARD OF DIRECTORS:

SIR CHUNILAL V. MEHTA, K. C. S. I., *Chairman.*

S. P. PANDIT, ESQ., SIRSI.
RAO BAHADUR R. V. VANDEKAR, NASIK.
K. V. VICHARE, ESQ., SATARA RD.
R. G. SARAIYA, ESQ.
V. P. VARDE, ESQ.
S. N. JAMDAR, ESQ., SHOLAPUR.
K. M. THAKORE, ESQ., BROACH.
A. P. KULKARNI, ESQ., DHULIA.
PROF. V. G. KALE, POONA.
D. W. RAUT, ESQ., M. L. A., BASSEIN.
B. V. JADHAV, ESQ.
S. S. MALIMATH, ESQ, DHARWAR.

Managing Director:
VAIKUNTH L. MEHTA, ESQ.

Manager:
S. G. DEODHAR, ESQ.

Solicitors:
MESSRS. PAYNE & Co.

Auditors:
K. S. AIYAR & Co.

TWENTY-SEVENTH REPORT BY THE DIRECTORS

OF

The Bombay Provincial Co-operative Bank, Ltd.

To The SHAREHOLDERS (MEMBERS) OF

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

Gentlemen,

The Directors beg to submit their Twenty-seventh Report on the working of the Bank for the year ending 30th June 1938. The Auditors' Report is also annexed.

	Rs.	a.	p.
The net profit for the year, including the sum of Rs. 27,273-0-6 brought forward, amounts to	1,36,163	15	0

The Directors propose—

To pay a dividend on the fully paid-up shares for the year ending 30th June 1938, at the rate of 5 per cent. per annum which will absorb	64,982	5	0
To grant a bonus to the Bank's staff equal to one month's salary, subject to a maximum sum of Rs. 200	15,500	0	0
To carry to the Reserve for Doubtful Debts (which will now amount to Rs. 3,83,542-14-7)	29,690	0	0
To carry forward to the next account	25,991	10	0
Rs.	1,36,163	15	0

Statement showing proposed amendments in the Bank's by-laws to be placed before the Annual General Meeting called on 20th September 1938.

No. of bye-law.	Line.	Present wording.	Proposed Amendment.
2 (f) (1)	2 & 4	To co-operative societies in the Presidency of Bombay registered under the said Act or their members upon the security of agricultural produce brought by them for sale through the Bank or shops managed by the Bank or upon the pledge of gold or silver in ornaments or in bars.	To co-operative societies in the Presidency of Bombay registered under the said Act or their members or agriculturists upon the security of agricultural produce brought by them for sale through the Bank or to members of producers' co-operative societies on the pledge of finished articles, provided the societies are affiliated to the Bank.
2 (f) (2)	3	To consignors of instruments of husbandry, manures or agricultural requisites, generally required by co-operative societies or their members at such rates of interest as the Board shall deem fit to charge upon the pledge of such instruments, manures and agricultural requisites as aforesaid offered for sale on commission through this Bank.	To consignors of instruments of husbandry, manures or agricultural requisites generally required by co-operative societies or their members or of requisites of producers' societies and their members at such rates of interest as the Board shall deem fit to charge upon the pledge of such instruments manures and requisites as aforesaid offered for sale on commission through this Bank.
2 (f) (3)	7	To persons who are members of this Bank and to allow such persons overdrafts in their current accounts with this Bank upon the security of moneys which may have, at the time when such advances are made or overdrafts allowed, been deposited by them with the Bank on fixed deposit or upon the deposit of securities specified in clauses (a) (b) (c) and (d) of Section 20 of the Indian Trusts Act II of 1882 or upon the pledge of agricultural produce belonging etc. etc.	To persons who are members of this Bank and to allow such persons overdrafts in their current accounts with this Bank upon the security of moneys which may have, at the time when such advances are made or overdrafts allowed, been deposited by them with the Bank on fixed deposit or upon the deposit of securities specified in clauses (a) (b) (c) and (d) of Section 20 of the Indian Trusts Act II of 1882 or upon the pledge of agricultural produce or gold and silver in ornaments or bars belonging to them etc. etc.
2 (f) (4)	Add (new clause)		To members of co-operative societies upon the pledge of gold or silver in ornaments or in bars.
2 (f) (5)	,,		To members of co-operative societies against the pledge of agricultural produce or finished articles.
12	Add at the end		"of class A" at the end of bye-law No. 12 after the word "Bank."
	Add new bye-law 12 A		(a) Membership of class B which carries no right of vote or of participation in the management of the Bank or in the distribution of its profits or liability in the event of liquidation will be open to a

No. of bye-law.	Line.	Present wording.	Proposed Amendment.
			person who, at the time of his applying for membership, is a member of a registered co-operative society which is a member of the Bank provided: (1) his written application for membership in the form prescribed by the bank has been duly accepted by the Bank, and (2) he has paid with his application for admission to membership an admission fee of Rs. 2, which shall be non-returnable. (b) Save in this bye-law, the word 'member' wherever it occurs in the bye-laws shall, unless otherwise specified, be deemed as referring to members of class A.
69-A	3 & 12	Co-operative societies including central and urban banks, incorporated under the Co-operative Societies Act VII of 1925 which are members of the Bank, shall have the right to elect every year eight Directors etc. etc..... (deleted) A Director so elected shall hold office until the next annual election by the electorate by which he was chosen. Etc. etc.	Co-operative societies including central and urban banks, incorporated under the Co-operative Societies Act VII of 1925 which are members of the Bank, shall have the right to elect every alternate year eight Directors etc. etc..... A Director so elected shall hold office until the next election by the electorate by which he was chosen. Etc. etc.
72 (i-3)	Add (new clause)		To make advances to members of co-operative societies against pledge of agricultural produce or finished articles or gold and silver in ornaments or bars belonging to them and given in the possession of the Bank.
72 (j-2)	Add	To purchase and supply on commission raw materials and other articles required by members of co-operative societies for weavers, other artisans and producers and to sell on commission on behalf of members of such societies finished products which may be delivered to the bank for sale.	To purchase and supply on commission raw materials and other articles required by members of co-operative societies for weavers, other artisans and producers and to sell on commission on behalf of members of such societies finished products which may be delivered to the Bank for sale and to advance moneys to consignors on pledge of requisites and raw materials required by members of producers' societies and belonging to them and to members of such societies against finished articles belonging to them brought to the Bank for sale on commission.
72 (p)	Add (new clause)		To allow to purchasers of agricultural produce or finished products sold through the Bank or shops managed by it, trade credits according to local usage and custom.

During the year under report, there was a decline of over Rs. 20 lakhs in the working capital of the Bank. To this decline, fixed deposits contributed about Rs. 5 lakhs, and current and savings deposits, over Rs. 15 lakhs. The reduction occurred mainly in deposits from co-operative societies and banks and indicated a growing ability on the part of the affiliated institutions to utilize a larger proportion of their funds in their own normal business. With the Bank Rate remaining steady throughout the year, there were no changes in the rates of interest on deposits.

Notwithstanding the fall in the working capital, the profits for the year showed an increase of Rs. 10,148/- over the previous year's figure. This was due to the continuance of easy money conditions and the ability of the Bank itself to employ more funds in loans, advances and cash credits. There was an increase of Rs. 14¾ lakhs in cash credits and overdrafts, the bulk of which represented advances against Government or other trustee securities. Advances against agricultural produce increased by Rs. 1 lakh.

The accounts show that there was an increase of Rs. 8,000/- nearly on salaries and inspection charges, and the Directors desire to emphasise that in their view it will be difficult to bring down the scale of expenditure until the general position of the co-operative societies financed by the Bank shows substantial improvement. On the other hand, the Directors propose to incur, in the current year, additional expenditure on a special staff for the work of rehabilitation and improvement.

Despite the efforts made in the year under report and notwithstanding the fact that the agricultural season was a fair one, the Directors regret that there was no appreciable progress made in the recovery of frozen loans in the Deccan Canal tract and in some of the other areas served by the Bank. The outstandings from societies in liquidation increased by Rs. 1 lakh and the figure of overdue interest also showed a rise. The need for speeding up the work of liquidation and for firm and expeditious action against contumacious defaulters in societies has been brought to the notice of Government, and the Directors hope that effective steps will soon be taken to remedy the position.

The continuance of a state of stagnation is not conducive to the interests of the honest and loyal members of societies or of the Bank. The loss of interest that the Bank suffers in some areas prevents it from passing on the benefit of the present easy money conditions to the movement as a whole. The prolonged delays that occur before action is taken, result in frozen debts becoming doubtful, leading to increased provision out of the profits for meeting the contingent bad debts, as has been found necessary in the current year. With the addition proposed to be made to the Reserve for Doubtful Debts out of the year's profits, and inclusive of the refund of income tax on the profits of the year 1936-37 which amounts to Rs. 15,810/- and the various sums aggregating to Rs. 1,24,207-9-1 available in the sundry creditors' account, the doubtful debts, as estimated at present, are, in the opinion of the Directors, fully covered.

The Directors regret that they have not yet been able to arrange for the transfer of the assets and liabilities of the Land Mortgage Department of the Bank to the Bombay Provincial Co-operative Land Mortgage Bank. The question is still under the consideration of Government and of the authorities of the Bombay Provincial Land Mortgage Bank. Meanwhile, the Directors have shown the loss of the Land Mortgage Department amounting to Rs. 83,345/11/10 as a recoverable asset.

Although the Rules for the Election of Directors were amended last year to permit of elections of Directors on behalf of central banks, urban banks and agricultural societies being held every alternate year, the bye-law authorizing the framing of the Election Rules remained to be amended. To remedy this defect, an amendment in the bye-law is proposed for your consideration and adoption.

The bye-laws relating to the business of advances against agricultural produce and requisites, against gold and silver, and against the products of industrial or artisans' co-operative societies stand in need of clarification and revision. Suitable changes in the bye-laws dealings with the objects of the Bank and the powers of the Board of Directors are proposed for your consideration and adoption. The business of the type covered by these bye-laws is intended to be carried on by mutual arrangement with urban banks and purchase and sale societies wherever in existence and suitable rules under the bye-laws will be framed giving effect to this intention.

Prof: V. G. Kale was appointed a Director in place of Principal M. L. Tannan who resigned his seat on the Board. You are requested to elect seven Directors representing individual shareholders. All the retiring Directors are eligible for re-election.

You are requested to appoint Auditors for the year 1938-39 and to fix their remuneration.

CHUNILAL V. MEHTA,
Chairman.

Bombay, 18th August, 1938.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED.

General Balance Sheet as on 30th June 1938.

LIABILITIES.

	Rs.	a.	p.	Rs.	a.	p.
Capital :—						
Authorised Capital:—						
30,000 shares of Rs. 50/- each ...				15,00,000	0	0
Issued Capital:—						
26,000 shares of Rs. 50/- each...				13,00 000	0	0
Subscribed & Paid up Capital :—						
25,997 shares of Rs. 50/- each ...				12,99,850	0	0
Funds:—						
Reserve Fund	1,12,590	0	0			
Sinking Fund for Debentures ...	6,86,848	11	7			
Premium on Debentures ...	5,720	0	0			
Reserve for Doubtful Debts ...	3,53,852	14	7			
Reserve for Overdue Interest ...	5,31,211	13	8	16,90,223	7	10
(Actual amount of overdue interest is Rs. 4,73,983-7-4).						
1280, 4% Mortgage Debentures of Rs. 1000/- each				12,80,000	0	0
Fixed Deposits :—						
Societies Rs. 46,90,888 13 11						
Individuals Rs. 27,79,517 0 7	74,70,405	14	6			
Current, Savings & other Deposits:						
Societies Rs. 35,44,830 8 5						
Individuals Rs. 58,80,509 12 9	94,25,340	5	2			
5 Years' Cash Certificates	4,992	14	0			
Staff Provident Fund	4,04,283	1	3	1,73,05,022	2	11
Loan from Government (under Co-operative Societies Land Improvement Loans Rules, 1922)...				54,600	0	0
Interest Payable				1,22,828	1	8
Branch Adjustments				2,41,925	1	0
Bills for Collection (per contra) ...				1,58,094	15	8
Sunddries				1,92,148	3	10
(Out of this, Rs. 1,24,207-9-1 are earmarked as provision for Doubtful Debts)						
Unclaimed Dividends...				14,982	1	6
Profit & Loss Account :—						
Balance as per last Balance Sheet	1,40,600	1	6			
Less Appropriations	1,13,327	1	0			
	27,273	0	6			
Add Profit since last Balance Sheet	1,08,890	14	6	1,36,163	15	0
NOTE :						
Contingent Liability:						
Uncalled liability on the 250 shares of the Bombay Provincial Co-operative Land Mortgage Bank, Ltd. Rs. 10,000/-						
Total Rs. ...				2,24,95,838	1	5

ASSETS.

	Rs.	a.	p.	Rs.	a.	p.
Cash at Head Office & Branches ...	3,33,276	5	3			
Cash with Banks in Current a/cs ...	6,24,460	7	11			
Deposits with approved Banks ...	22,00,000	0	0	31,57,736	13	2
Investments:—						
Government and other authorised securities at cost (sterling valued @ 1/6)	65,70,272	14	9			
3½% Madras Prov. L. M. Bank Debentures at cost	68,636	0	0			
Railway and other Authorised Shares	4,08,854	2	0	70,47,763	0	9
Note:—The market value of the above securities is Rs. 71,94,343-12-8						
Sinking Fund Investments:—						
Bank's own Debentures, Govt of India Securities at cost, and cash with the Reserve Bank of India				6,74,048	11	7
Loans, Cash Credits & Overdrafts to Co-operative Societies & Central Banks:—						
Long Term Loans:—						
Land Mortage Loans	3,68,851	12	10			
Land Improvement Loans ...	81,398	13	7			
Debt Redemption Loans	5,37,108	7	4			
	9,87,359	1	9			
Short Term Loans:—						
Ordinary Loans	53,13,933	12	4			
Cash Credits & Overdrafts ...	19,87,375	3	10			
	73,01,309	0	2			
Other Advances:—						
Against Reserve Bank Shares ...	1,358	7	0			
Co-operative societies, P. & S. Unions & their members against agricultural produce	29,034	9	0			
-do- Against Fixed Deposits ...	1,59,376	13	7			
Co-operative societies for societies joint expenses & to Shops ...	48,110	15	1			
Individuals, i e., Members of the Bank:—						
(1) Against Reserve Bank Shares.	150	12	0			
(2) ,, Agricultural Produce..	3,81,921	1	0			
	6,19,952	9	8			
Dues from Societies in Liquidation...	18,90,865	8	9	1,07,99,486	4	4
Note:—Of the above Loans, Cash Credits and Other Advances, Rs 5,23,560/- are considered as doubtful and are fully provided for.						
Interest Receivable on Govt. Securities & other Deposits with Banks...	65,764	5	7			
Interest Receivable on Loans and other advances	1,82,452	7	10	2,48,216	13	5
Bills Receivable (per contra) ...				1,58,094	15	8
Sundries (including Inland Bills Purchased)				2,38,757	9	5
Branch Adjustments				16,313	6	3
Safes & Furniture at cost, less depreciation to date				24,757	11	0
Land & Buildings at cost, less depreciation to date				13,817	0	0
Discount on Debentures				33,500	0	0
Land Mortgage Department (Loss carried forward):						
Balance as per last Balance Sheet	71,545	1	6			
Add Loss during the year ...	11,800	10	4	83,345	11	10
Total Rs. ...				2,24,95,838	1	5

Dr. *Profit & Loss Account for the year ending 30th June 1938.* Cr.

	Rs.	a.	p.		Rs.	a.	p.
To Salaries	1,51,131	3	7	By Interest	4,28,653	6	6
,, Office Rent	13,859	1	11	,, Commission & Exchange	34,258	5	1
,, Printing & Stationery	14,433	6	4	,, Transfer Fees	206	8	0
,, Postage & Telegrams	12,120	3	3				
,, General Charges	16,849	3	7				
,, Inspection Charges	81,768	10	4				
,, Branch Committee & Propaganda Charges ...	20,980	5	6				
,, Directors' Fees	11,987	2	0				
,, Auditors' ,, ...	3,662	8	0				
,, Depreciation of Furniture	2,745	5	0				
,, ,, ,, Land & Buildings	1,535	3	0				
,, Sinking Fund for Debentures	7,800	0	0				
,, Staff Provident Fund	15,355	0	7				
,, Net Profit	1,08,890	14	6				
Total Rs. ...	4,63,118	3	7	Total Rs. ...	4,63,118	3	7

L. K. BHAGWAT, *Chief Accountant.*

S. G. DEODHAR, *Manager.*

V. L. MEHTA, *Managing Director.*

Chunilal V. Mehta. B. V. Jadhav. V. P. Varde. V. G. Kale. S. N. Jamdar. K. M. Thakore. R. V. Vandekar. R. G. Saraiya. A. P. Kulkarni. K. V. Vichare. D. W. Raut. S. S. Malimath. } *Directors.*

Auditors' Report.

We have Audited the Balance Sheet of THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD., as at 30th June, 1938 in which are incorporated the authenticated returns from Branches; we have verified the cash and securities at the Head Office and have obtained all the information and explanations we have required. In our opinion the above Balance Sheet is drawn up in accordance with the Law and exhibits a true and correct view of the state of the Bank's affairs according to the best of our information and explanations given to us and as shown by the books of the Bank.

K. S. AIYAR & Co.
Registered Accountants, Auditors.

BOMBAY, *18th August, 1938.*

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED.

LAND MORTGAGE DEPARTMENT.

Balance Sheet as on 30th June 1938.

LIABILITIES.	Rs.	a.	p.	ASSETS.	Rs.	a.	p.	Rs.	a.	p.
500, 4% Debentures of Rs. 1,000/- each	5,00,000	0	0							
Sinking Fund for Debentures	35,370	0	0	Loans Outstanding:—						
Reserve for Overdue Interest	53,654	11	9	Dharwar L. M. Bank	1,62,961	0	1			
Societies' Fixed Deposits	25,267	5	9	Broach do	81,749	12	3			
Interest Payable	5,393	4	2	Pachora do	1,24,141	0	6	3,68,851	12	10
Sundries	50	0	0	Loan against Fixed Deposits:—						
				Dharwar L. M. Bank				4,067	11	7
				Grants Recoverable:—						
				Dharwar L. M. Bank	2,000	0	0			
				Pachora do	4,770	0	0	6,770	0	0
				Interest Receivable				53,206	5	1
				Discount on Debentures				33,500	0	0
				Safe & Furniture at cost, less depreciation				50	0	0
				Banking Department				69,943	12	4
				Profit & Loss a/c: Balance as per last Balance Sheet	71,545	1	6			
				Add Loss this year	4,225	6	5			
				,, Provision made for Overdue Interest	7,575	3	11	83,345	11	10
Total Rs. ...	6,19,735	5	8	Total Rs. ...				6,19,735	5	8

Dr. *Profit and Loss Account for the year ending 30th June 1938.* **Cr.**

	Rs.	a.	p.		Rs.	a.	p.
To Directors' & Auditors' Fees	100	0	0	By Interest	3,142	9	7
,, Depreciation of Safe & Furniture	5	0	0	,, Net Loss	11,800	10	4
,, Salary a/c.	603	0	0				
,, Discount on Debentures a/c.	1,660	0	0				
,, Sinking Fund Contribution	5,000	0	0				
,, Reserve for Overdue Interest a/c.	7,575	3	11				
Total Rs. ...	14,943	3	11	Total Rs. ...	14,943	3	11

Examined and found correct.

K. S. AIYAR & Co.,
Registered Accountants, Auditors.

L. K. BHAGWAT,
Chief Accountant.

S. G. DRODHAR,
Manager.

V. L. MEHTA,
Managing Director.

BOMBAY, *18th August, 1938.*

THE
BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED.

NOTICE is hereby given that the Twenty-seventh Ordinary General Meeting of the Bank will be held at the Registered Office of the Bank, in Apollo Street, Fort, Bombay, on Tuesday the 20th September 1938, at 1-45 P. M. (S. T.) to transact the following business:—

1. To adopt the Report of the Directors and the Audited Statement of Accounts of the Bank for the year ending 30th June 1938.
2. To declare a dividend.
3. To elect Directors.
4. To appoint Auditors and to fix their remuneration.
5. To consider and, if thought fit, to adopt amendments to the Bank's by-laws as per statement enclosed.

By order of the Board,
VAIKUNTH L. MEHTA,
Managing Director.

Bombay,
18th August, 1938.

The Transfer Books of the Bank will be closed from 21st September 1938 to 3rd October 1938, both days inclusive.

BHARAT PRESS, BOMBAY, 1.

Appendix F G—1]

SUBJECT .....

.....

.....

37

Urgent

Section bs

File No. 11-36

Serial No. 312

Diary No. of letter replied to.....

No. D 5608

To

The Registrar C/S.

General and Revenue Secretariat

( )

the *193* .

Sir,

Date of issue 21.12.38

Signed by Mr Hariranjan Rayh

With reference to the discussion held in the Board members' Chamber on 15/12/38 in the matter of granting permission to the Hatti Bank to raise to the extent of Rs 20 Lakhs debentures on first mortgage, at rates of interest from 3% to 3½% repayable in 20 or 25 years. I am directed to request you to furnish a detailed report as to how the Bank will be able to pay the Sinking Fund and interest charges on the debentures to be issued, from the annual income after meeting the working expenses.

I am to request that the

List of enclosures.....

Copied by .....

Examined by.....

may be treated as urgent

/38.

I have the

honour

to

be

Sir

Your most obedient

humble servant

17.12.38

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. D 56081/C.S 11-36-312. *Dated, Bangalore,* 21.12.38

179

From

The Secretary to the Government of His Highness the Maharaja of Mysore,
Local Self-Government Department.

To

The Registrar of Co-operative Societies in Mysore,

Bangalore.

Sir,

With reference to the discussion held in the Second Member's Chambers on 15-11-1938 in the matter of granting permission to the Apex Bank to raise debentures to the extent of Rs.20 lakhs on Government guarantee, at rates of interest from 3% to 3½% repayable in 20 or 25 years, I am directed to request you to furnish detailed report as to how the Bank will be able to pay the sinking Fund and interest charges on the debentures to be issued, from the annual income after meeting the working expenses.

I am to request that the matter may be treated as urgent.

I have the honour to be,
Sir,
Your most obedient servant,

21/12/38

for Secretary to Government,
Local Self Government Department.

K.M.R.2.

C.S. 11-36-312

No. 6318 C. S. Cell. 3

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION. 140

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

3203/a

Dated Bangalore, 17th January 1939.

3535

BEN. & REVENUE SECRETARIAT. 18 JAN 1939 DEVELOPMENT BRANCH.

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

L.S. 17/1

To

The Secretary to the Government of Mysore,
Local Self-Government Department, Bangalore.

Sir,

Subject: Floatation of Debentures by the Apex Bank.

With reference to your letter No.D.5608/C.S.11-36-312 dated 12th December 1938 on the above subject, I have the honour to forward herewith a copy of letter No.6843 dated 11th January 1939 with the enclosure thereto received from the President of the said Apex Bank.

2. In the Confidential Note which I submitted to Government with my D.O.letter No.537 dated 28th October 1938, I had pointed out the necessity for restoring the public confidence in the Bank and for lending a helping hand in its rehabilitation. I have again to bring to the kind notice of Government that the position of the Bank has been getting from bad to worse day by day. The fluid resources which stood at Rs.7,43,602 on 30th June 1938 have on 31st December 1938 dwindled to Rs.3,67,480/-. As nearly two lakhs of rupees of Fixed Deposits have matured or will mature for payment by the end of January 1939, it is feared that the fluid resources will be further diminished and unless immediate action to stem the outflow of deposits is taken, the Bank will find itself in a very awkward position and may be forced to suspend payments before long. In the interests of the depositors and share-holders of the Bank and the Movement as a whole, I request that the Scheme of floatation of debentures backed by Government guarantee may be sanctioned very early and the institution enabled to rehabilitate itself.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.17/1.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Letter No.6843 dated 11th January 1939 from the President, The Mysore Provincial Co-operative Apex Bank,Ltd.,Bangalore,to the Registrar of Co-operative Societies in Mysore,Bangalore.

==========

With reference to your letter No.7706 dated 23-12-1938 forwarding copy of letter No.D.5608/C.S.11-36-312 dated 21-12-1938 from the Government calling for certain information in the matter of the proposed raising of the debentures by the Bank, I have the honour to enclose herewith for your kind information a statement showing the annual savings in interest charges in respect of the high rated fixed deposits maturing during the next five or six years.

In this connection, I wish to add that it is the intention of the Bank to raise the debenture capital only in stages as and when funds are required for redeeming the high rated fixed deposits. As could be seen from the enclosed statement the annual charge on the revenues of the Bank on account of interest will go on reducing from year to year i.e., from about Rs.5,236/- in 1938-39 to about -- Rs.27,492/- in 1943-44. The interest which would otherwise have been payable to depositors will be a distinct saving to the Bank and to that extent the profits of the Bank would increase year after year. Under these circumstances, the provision for sinking fund for redemption of the debentures could be easily made without in any way - crippling the financial resources of the Bank.

I therefore request that you may be pleased to make a recommendation to Government in the matter of their early sanction for the same

****

" Copy "

L.S.17/1.

For Registrar.

THE MYSORE PROVINCIAL CO-OPERATIVE APEX BANK LTD

****

'Statement showing the Annual Savings in interest charges in respect of high rated Fixed Deposits maturing during 1938-39 39-40, 40-41, 41-42, 42-43 and 43-44 and onwards on the basis of the difference between the original rates that are in force now viz., 6- 7 per cent and the ~~payment~~ present market rate of 3½%.

Year.	Original rate.	F.D.amount maturing.	Minimum rate of savings.	Amount.	Total amount of savings for the respective years.
1938-39	from 6- 7%	Rs.2,15,665/-	2½ per cent	Rs.5000/-	
"Do"	" 5- 6%	15,767/-	1½ " "	236/-	Rs.5,236/-
1939-40	" 6- 7%	1,86,004/-	2½ " "	4650/-	9,886/-
"	" 5- 6%	Negligable	-	-	-
1940-41	" 6- 7%	2,62,874	2½ " "	6570/-	16,456/-
	" 5- 6%	Negligable			
1941-42	" 6-7 %	2,51,086	2½ " "	6275/-	22,731/-
1942-43	" 6-7 %	1,69,466/-	2½ % "	4236/-	26,967/-
1943-44	" 7 %	15,000/-	3½% "	525/-	27,492/-

[illegible]

President.

Appendix F G—1]

SUBJECT..... 43

.....

.....

Section 65

File No. 11-36

Serial No. 315

Diary No. of letter replied to ..... Urgent

No. D. 6985.

To The Registrar G/Cs.

General and Revenue Secretariat

( )

the *193* .

Sir

Date of issue 24.1.39.

Signed by D.D. H.V. Kay.

I am directed to state that the information furnished by you does not definitely state as to how the Bank will be able to pay the Sinking Fund and ~~the~~ interest charges on the debentures to be raised, from the normal annual income after meeting the working expenses. I am therefore to request you to forward a detailed report in the matter at

List of enclosures.....

Copied by.....

Examined by.....

a very early date
K.K

I have the
Ken
Jd Secy. L.N.S 21/1/39

GOVERNMENT OF MYSORE.

No. ....8881..... C. S.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

3 JAN 1939 GOVT OF MYSORE

Dated Bangalore, 30th January 1939.

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

P.H.Krishna Rao, Esq., M.A.,
Secretary to Government,
Local Self Government Department,
Bangalore.

GEN. & REVENUE SECRETARIAT. 31 JAN. 1939 DEVELOPMENT BRANCH.

Sir,

Subject:- Grant of advances on deposits by the Apex Bank.

I have the honour to invite your kind reference to correspondence ending with this office letter No: 4477 C.S. dated 8th October 1938 on the above subject and to state that the restrictions placed by Government in this respect have adversely affected the inflow of deposits into the Bank with the result that the fluid resources position of the Bank has become very weak and is causing much anxiety to the Bank. The alarming rate at which this depletion of the fluid resources of the Bank is going on is causing the Department grave anxiety. I have already brought to the kind notice of Government in my letter No:452 dated 22nd September 1938 that such a practice is in vogue in various Provinces in British India and that it had the approval of the All India Co-operative Conference held in Bangalore in July 1937. I request that Government may be pleased to sanction my recommendations in this respect very early.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

Appendix F G—1]

SUBJECT.....

.....

.....

146

Section 65

File No. 11-36

Serial No. 316

Diary No. of letter replied to .....

No. A. 7301

General and Revenue Secretariat

( )

the *193* .

Date of issue 8. 2. 39.

Signed by Mr. P. H. K.

List of enclosures.....

Copied by .....

Examined by.....

To Notification

In exercise of the powers vested in them under Section 47 of the Mysore Cooperative Act ~~VII~~ II of 1918 as amended from time to time, the Govt of H. H. the Maharaja of Mysore are pleased to exempt the Mysore Provincial Cooperative Apex Bank Ltd from the operation of the provisions of Section 29(1) of the said Act for a period of three years.

B. O
Govt
from
8. 2. 39
Secy. L. Dept
7/2/39

~~Director~~

To the Compiler Mysore Gazette for publication in the Gazette in ~~English~~ and in the Gazette in

(4)

English and Hausaria with the request that 250 copies of each of the notifications be sent to the Registrar C.S. and 100 copies each to this office

Memo No. D. 7302

Copy of the above is forwarded with compliments to the Registrar C.S. for information with reference to the Correspondence ending with his letter No 8881 dated the 30th January 1939

B.O

Secy. L.G

148

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. ..... D.J.301 / bJ. 11-36-316

General and Revenue Secretariat,
4th February 9
Dated Bangalore, 8 ..... 193 .

NOTIFICATION.

In exercise of the powers vested in them under section 47 of the Mysore Co-operative Act VII of 1918 as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to exempt the Mysore Provincial Co-operative Apex Bank, Ltd., from the operation of the provisions of section 29(1) of the said Act for a period of three years.

By Order,

Hussain Can Rajah
Jr Secretary to Government,
Local Self-Government Department.
6/2/39

To

The Compiler, Mysore Gazette, for publication in the ~~Kannada~~ Gazette in English and Kannada with the request that 200 copies of each of the notification be sent to the Registrar of Co-operative Societies and 100 copies each to this office.

C. S. 11-36-317.

GOVERNMENT OF MYSORE.

No. .....C.237... C. S. Circular

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" Bangalore

Dated Bangalore, 4th February *1939.*

4330

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

H. & REVENUE SECRETARIAT 8 FEB 1939 DEVELOPMENT BRANCH.

To

P.H.Krishna Rao, Esq., M.A.,
Secretary to Government, L.S.G.Department,
Bangalore.

Sir,

Subject. Floating of debentures by the Apex Bank.

With reference to your letter No.D.6986/C.S.11-36-315 dated 24th January 1939 calling for a detailed report as to how the Bank will be able to pay to the sinking fund after meeting the interest charges on the debentures, and the working expenses, out of the normal annual income, I have the honour to forward herewith a copy of letter No.7693 dated 30th January 1939 with the enclosure thereto received from the Secretary of the Bank and to state as follows:-

i. The view expressed by the Bank represents one angle of vision. It presupposes that the deposits held at present by the Bank will all be withdrawn on maturity. But this does not appear to me to be the correct one. The deposits are being withdrawn not because the investors can get a higher rate of interest on their investments in other Banks or Institutions, but mainly because they feel -and reasonably too- that all is not well with the Bank, that the management has not been taking adequate action for the recovery of the outstandings and that if this situation should continue, the Bank may, in years to come, not be able to meet its obligations to the depositors in full.

ii. As pointed out in my confidential note dated 28th October 1938, the real work that has to be done by the Bank is the recovery of the heavy outstandings from societies. As this process is bound to be slow and takes some time the Bank must be in a position to repay the deposits on maturity. This result will be achieved by

the

the twofold process of re-building the public confidence in the Bank so that the depositors may not fight shy of investing their money in it and of speeding up the recoveries. The necessity for developing the loan business of the Bank on proper and safe securities so as to enhance the income of the Bank has also been mentioned in the note. To work an Apex Bank purely on the capital raised by debentures backed by Government guarantee is neither practical nor consistant with public policy. Banks must be able to attract the capital required by them by building up public confidence by sound and efficient management and to this end they may be given certain facilities by the benign Government. The best way of restoring public confidence in the Apex Bank is by authorising it to raise debentures guaranteed by Government both for principal and interest. I am of opinion that it will be sufficient for the present if the debenture scheme is limited to Rs five lakhs and the Bank can easily create the necessary sinking fund for meeting the debentures on maturity.

iii. A sinking fund in general is a fund accumulated for the purpose of meeting some obligation which falls due on some future date. In the case of long term investments like debentures, the investor will have to be paid the fixed interest for a definite period (the period of currency of the debenture) which will have to be paid twice a year. The interest is paid periodically and the principal in a lumpsum at the end of the period. Hence the borrower has to set apart each year a certain sum which accumulates by the end of the period to the principal amount. This annual instalment depends upon the expected rate of yield on the investments of the sinking fund amounts. If the debenture is floated for a period of 20 years at 3 per cent interest and the sinking fund investment yields 2½ per cent interest on an average, the annual sinking fund contribution for a debenture loan of rupees one lakh will be Rs 3914.7 and with the interest payable on the debenture, the total amount comes to Rs 6914.7 per lakh or Rs 34,573.5 per annum for rupees five lakhs.

iv. From the statement of recoveries towards principal and interest during the last five years (1933-34 to 1937-38)which may be taken as the worst period of depression, it will be seen that the average annual recovery towards principal and interest from societies amounted to Rs 1,07,685 and Rs 1,28,207 respectively for an average outstanding loan amount of Rs 21,01,782. For an amount of outstandings of five lakhs the recoveries would

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

151

would roughly comes to Rs 26,000 towards principal and Rs 30,000 towards interest, whereas the total amount required towards sinking fund contribution and interest would be Rs 34,573/-. I am therefore of opinion that the Bank can easily set apart the required amount to the sinking fund after meeting the interest charges.

v. I therefore recommend that sanction of Government may kindly be obtained for the Apex Bank floating debentures to the extent of rupees five lakhs at a rate not exceeding 3½ percent interest, guaranteed both for principal and interest by Government.

vi. The Bank should also be given clear instructions in the matter of liquifying the frozen debts due by societies generally on the lines of the instructions contained in my Circular No.19 dated 5th January 1939. In the method of appropriation of the amounts received from the societies, the Bank should follow the method adopted by societies as otherwise the Bank will credit towards interest amounts received from the individual defaulters by the societies towards principal, which will ultimately tell upon the Bank. If any change in the byelaws is necessary for carrying out this direction, it should be got done at the next annual general meeting of the Bank.

I have the honor to be,
Sir,
Your most obedient servant,

Registrar.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

==========

152

Letter No.7693 dated 30th January 1939 from the Secretary, The Mysore Provincial Co-operative Apex Bank,Ltd., Bangalore, to the - Registrar of Co-operative Societies in Mysore, Bangalore.

With reference to your letter No.8613 dated 25-1-39 forwarding copy of letter No.D.6986 C.S.11-36-315 dated 24-1-39 from the Secretary to Government,Local Self-Government Department calling for a definite statement as to how the Bank would be able to pay for the sinking fund and interest charges in respect of the debentures proposed to be raised by the Bank, I have the honour to state as -- follows:-

The object underlying the proposed debenture scheme is to provide the Bank with long term capital at a low rate of interest so as to enable it to pay out its depostiors who are receiving very high rates of interest on their deposits and also to expand its business. These deposits have been invested in the form of loans to its affiliated societies, and which have become to a certain extent frozen. The process of liquifying these frozen debts of the indebted societies takes a long time. For this purpose the present system of raising the required capital by means of deposits does not hold good as the deposits will neceesarily have to be, for short periods,and the recoveries from the societies do not keep pace with the demands of the depositors.

The Bank has now been asked to definitely state how it would be possible for it to provide for the Sinking fund charges out of its 'Normal Income". In this connection I beg to submit that the Normal Income of the Bank consists only in the recoveries effected by it towards the interest due from its indebted societies and other - profits derived by it from its Banking transactions. This "Normal Income" should be distinguished from the normal receipts of the Bank which includes not only the recoveries towards interest as above mentioned but also the recoveries towards principal of the loans due by societies and other items such as share capital, Advances etc.

The Provision for the redemption of debentures is not necessary to be made out of "Income" only. The recoveries from societies -

P.T.O.

53

societies towards principal of their loan accounts will be applied towards the creation of a Sinking Fund sufficient to redeem the debentures at the end of their stipulated period. The interest on the debentures will necessarily have to be met out of the Bank's 'Income' and that this can be so done conveniently has been explained in Bank's letter No.6843 dated 11-1-1939, where it has been clearly explained that the savings in interest charges alone would exceed Rs.27,000/- per annum in due course.

A statement of Receipts and Payments of the Bank for the last 3 completed years under the several important items is appended hereto. It will be observed that during 1935-36 and 1937-38 the payments under capital items exceed Rs.80,461/- and Rs.2,26,616/- respectively. This was owing to the fact that the deposits matured for payment in a larger measure than the loan instalments. It is mainly to avoid this uncertainty that the debenture scheme has been proposed whereby the provision for redemption could be made in smaller measure owing to the long period of currency of the debentures.

Similarly the expenditure under Revenue items for 1935-36 and 1937-38 has exceeded the income by Rs.9,278/- and Rs.11,439/- respectively. This was mainly due to the heavy interest that had to be paid on the deposits which has been more or less a constant feature for some years past. The replacement of the high rated deposits out of the debenture capital will necessarily result in bringing down this heavy burden to a reasonably low leverl. The management expenses of the Bank are less than 10% of the annual income and the appended statement clearly shows that this is uniformly low.

As already submitted in detail in the memorandum presented to the Government in November last, the Bank will have to be given certain amount of freedom regarding the scope of its operations, and with the active support of the Government and the Department the Bank can be assured of a bright future.

****

" Copy "

L.S.4/2.

for Registrar.

THE MYSORE PROVINCIAL CO-OPERATIVE APEX BANK,Ltd.,

Statement of Receipts and Payments of the Bank for 1935-36, 1936-37 and 1937-38 under the more important items of Capital and Revenue.

Capital Receipts	1935-36.	1936-37.	1937-38.	Capital payments	1935-36.	1936-37.	1937-38.
Shares	Rs. 16,712	8,670	8,408	Shares	Rs. 5,168	11,717	6,069
Loans	1,63,953	2,49,045	1,71,373	Loans issued	1, 36,017	1,80,942	1,76,142
Advances	1,28,587	48,580	43,053	Advances issued	70,115	22,400	13,961
Deposits	19,84,154	25,94,876	24,96,655	Deposits refunded	21,65,990	25,69,009	27,52,512
Penal interest	3,423	3,795	2,588				
	Rs.22,96,829	29,04,966	27,22,077		23,77,290	27,84,068	29,48,690

Revenue Receipts.				Revenue Payments.			
Interest	1,82,035	1,92,481	1,72,652.	Interest on deposit	1,70,195	1,65,342	1,64,597
Miscellaneous	3,947	3,795	5,294	Management	16,940	16,653	16,870
				Miscellaneous	8,125	8,705	7,918
	1,85,982	1,96,276	1,77,946		1,95,260	1,90,700	1,89,385

****

for Registrar.

G.R.S. App. F VI—G 2]

SUBJECT .....

.....

10 Copies

..... 155

Diary No. of letter replied to .....

Section 65

File No. 11-36

Serial No. 320

General and Revenue Secretariat

( )

the *193* .

Proceedings of the Government of His Highness the Maharaja of Mysore.

Date of issue 16.5. 1939.

Signed by Mr. P.N. Krishnamurthy

Read—Correspondence ending with letter No. 9237 dated 6-2-39 from the Registrar C.S. in the matter of granting certain financial assistance to the Mysore Provincial Cooperative Apex Bank Ltd

Order thereon.—No. 9811-13/65-9.

1. In accordance with G.O.No D.C. 6492-563/65 34-23-11 dated 30-3-25 and D 5992-3/65 40-26-7 dated the 6th Dec 1927 the Mysore Provincial Cooperative Bank Ltd was reconstructed into an Apex Bank for financing primary

May this be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

16

societies throughout the State.

2. G.O. No. D 10897-918/ b.d. 82-26-4 dated 7-6-27, Govt intimated their readiness to advance to the Bank upto one lakh of rupees on terms to be mutually agreed upon as regards the rate of interest and repayment.

2. their order
G. No. D 11283-92/ b.d. 128-25-8 dated 22/6/27 Govt sanctioned to the Bank, for financing primary H.B Societies, a loan of one lakh of rupees at 5%. interest for the first two years and 5½%. for the third year. and allowed a cash credit of another lakh of rupees.

As the Bank had attracted sufficient capital by way of deposits it did not avail itself of the above Concession but financed from its own funds the primary societies — Home building, agricultural and non-agricultural — to the extent of nearly ~~Rupees~~ thirty three lakhs. In addition to this the Bank

List of Enclosure

Copied by

Examined by

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

advanced loans

~~also~~ also ~~advancing~~ to non-member depositors on the security of their deposits.

3. With the disclosure of the defalcation in the Apex Bank in 1935 the prospects of the Bank received a set back and the loans actions began to dwindle. The economic depression which swept over the whole world had its effect on the transactions of this bank also. Loans had been given to societies for financing agriculturists on the security of the lands at the valuation then existing. Since 1930-31 prices of agricultural commodities went down heavily and disabled the agriculturist from repaying his debts with the result that the balance against him and the societies ~~Co-operative~~ mounted up. In spite of attempt

made to recover as much money as possible the amounts due to the Apex Bank ~~stood~~ stands at nearly Rs 28 lakhs In the absence of any specific provision to the contrary either in the C.S. Act or the rules the Bank adopted a suicidal policy of treating accrued ~~interest~~ but unrealised interest as profit and went on paying dividends from the Capital. Govt prohibited in their order No D 2937-38/ Co.S. 93-34-6 dated 4-11-35 the grant of ~~loans~~ advances to non-members on the security of their deposits as the practice was opposed to Co-operative principles.

4. ~~On the other hand~~ At the same time, the high rated deposits which the Bank had attracted from 1927-28/ have begun to mature and the Bank has to repay before the end of 1941-42 a sum of nearly Rs 22 lakhs, while the total liquid assets of the Bank do not stand

Rs 7.5 lakhs ~~to~~ ~~to~~ ~~the~~ ~~Govt~~ ~~debts~~ ~~and~~ ~~repay~~ Rs 28 lakhs. The Bank has to meet an immediate liability of Rs 9.5 lakhs to the depositors during 1938-39 and 1939-40.

5. The Bank has in the circumstances set forth above approached Govt for assistance in the shape of (1) removing the prohibition of granting advances to non-members on the security of their deposits 2) exempting Cooperative Societies indebted to the Aberi Bank from the operation of the Agri Relief Act 3) granting a loan immediately of Rs four lakhs and 4) permitting the Bank to float a debenture ~~Loan~~ of Rs 20 lakhs carrying interest at 3½ per cent with Govt guarantee for principal and interest.

WD 0282—GPB— 22,500—14-3-38

60

5. The Committee on Cooperation in Lagos have, in their Report made several recommendations to make the Bank an apex bank in reality and suggested that Govt should take more interest in the Bank In accordance with their recommendations Govt have now ordered requiring the election of the President of the Bank subject to approval by Govt; two members to be nominated by Govt to the Board of management and the services of a gazetted officer have been lent to the Bank as Secretary, Govt bearing half the cost of the pay etc of the latter.

6. The question as to how the Bank has to be assisted in the present financial condition was discussed at a meeting with the President of the Bank, the Registrar Co. the Nwa Cwa and the Financial Secretary to Govt

In addition to the requests referred to in Para 5 above the Bank represents

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(Continuation sheet draft form.)

that Special Inspectors of Cooperative Societies may be appointed to effect speedy recovery of the frozen debts the entire cost being met by Govt as in the case of the L.M. Scheme. and that the provisions of Section 66 of the Co. Act should be extended to the Societies indebted to the Apex Banks.

7. After due and careful consideration Govt have already issued orders permitting the Bank to grant advances to non-member depositors on the security of their deposits, for the further period of three years. The payment of Rs 1.5 lakhs granted to the Bank in 1935 for financing H.B. Societies has been authorised and the condition that it should be exclusively used for the purpose refd to has been waived. The Societies indebted to the Apex Banks have been exempted

WD 0282—GPB— 22,500—14-3-38

from the operation of the Agri Relief Act
~~does not~~ The Aber Bank has
also been notified as an Approved Bank
under the Mysore Companies Act
for depositing moneys received
by a Company under certain
sections of the Act in order to
infuse public confidence in the Bank.
Govt have not been
~~Bank~~ ~~the Question~~ of able to agree
to the proposal of the Bank or the
exemption ~~of~~ the provision of Section 66
of the C.S. Act to the extent of debts
to it ~~the Aber Bank~~.

8. The question of permitting the
Bank to raise debentures was further
considered and as a result of
this Govt are pleased to direct that
~~in lieu of the unsatisfactory~~
~~moving machinery for attracting~~
~~subscriptions to the debentures~~
the Bank be allowed a cash credit
of Rupees five lakhs at 4½ per cent
to be drawn when considered
necessary depending the question

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

~~[illegible]~~ grave
of debentures for a ~~[illegible]~~ 6 months of

~~[illegible]~~ six months.

Q: In this connection Govt wish to impress on the Bank the grave responsibility that rests on its shoulders in the matter of rehabilitation of the affairs of the institution Govt have, from time to time come forward to render assistance to the Bank in their hour of need and it is the Bank that has now to justify that the help rendered in various ways does not go in vain. From the information received they find that ~~[illegible]~~ more than half the outstandings is from Bangalore and Tumkur Districts and nearly Rs 5.5 lakhs from Hindu and Lingayat Ots. The Bank will have to concentrate its attention on the recovery

16 (i)

of its dues

~~work~~ with the help of its own ~~staff of the~~ Inspectorate and with the cooperation of the Depts staff. The Assistor is also requested to render the Bank such assistance and cooperation ~~as the Bank may~~ ~~Act~~ As may be necessary in order to achieve the objective of speedy recovery and rehabilitation of the finances of the Bank. The Revenue Secr is also requested to instruct the Deputy Commissioners of Dts to afford the Bank and the Depts officers necessary facilities for the speedy execution of ~~decisions~~ decrees and recovery of the arrears.

11. The Bank has to push through vigorously the revaluation of the securities ~~under the loans~~ and make attempts to have the loans properly secured and should arrange to collect at least Rupees two lakhs every year in addition to the normal transactions towards its outstandings ~~of~~ in our

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

165

to collect the whole amount within a period of ten years. Govt hope that the Bank and the Debt will take such action as will enable the institution to tide over the present crisis and to ~~reform its former position~~ improve ~~its~~ efficiency ~~to become~~ the premier apex institution in the State sphere commercial.

5/5

Secy. L-S 9

H/C 28/4

To The Resident Bd
The Comptr Trans FD
The Secy. Govt

166

App. F. VI G 10.

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

P.B 40

G. O. No. D 9811-13/bj. 11-36-320 DATED 16-5-39

May this be

i. printed? 45

ii. treated as a standing order? 46

iii. published in the Gazette English Part?
iv. translated?
v. placed at the disposal of the press?
vi. published in the Gazette Kannada Part?

} Not necessary

The Mysore Provincial Cooperative Apex Bank Ltd

Passes orders regarding the financial assistance to the ——————

Hanumanthaiya 18/5/39

18/5/39

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Read :—

Correspondence ending with letter No.9237 dated 6th February 1939 from the Registrar of Co-operative Societies, in the matter of granting certain financial assistance to the Mysore Provincial Co-operative Apex Bank Ltd.

- - - - -.

ORDER NO. D 9811-13/C.S 11-36-320

Dated, Bangalore, the 13th May 1939.

In accordance with Government Order No.I.C.6492-563/C.S.34-23-11 dated 30th March 1925 and D.5992-3/C.S.40-26-7 dated the 6th December 1927 the Mysore Provincial Co-operative Bank Ltd., was reconstructed into an Apex Bank for financing primary societies throughout the State. In Government Order No.D.10897-918/C.S.82-26-4 dated 7th June 1927, Government intimated their readiness to advance to the Bank up to one lakh of rupees on terms to be mutually agreed upon as regards the rate of interest and repayment. In their order No.D.11283-92/C.S.128-25-8 dated 22nd June 1927 Government sanctioned to the Bank, for financing primary House Building Societies, a loan of one lakh of rupees at 5% interest for the first two years and 5½% for the third year and allowed a cash credit of another lakh of rupees.

2. As the Bank had attracted sufficient capital by way of deposits it did not avail itself of the above concessions but financed from its own funds the primary societies - House building, agricultural and non-agricultural - to the extent of nearly thirty-three lakhs of rupees. In addition to this the Bank also advanced loans to non-member depositors on the security of their deposits.

3. The economic depression which swept over the whole world had its effect on the transactions of this Bank also. Loans had been given

168

to Societies for financing agriculturists on the security of the lands at the valuation then existing. Since 1930-31 prices of agricultural commodities went down heavily disabling the agriculturist from repaying his debts with the result that the balance against him and the societies mounted up. In spite of attempts made to recover as much money as possible the amounts due to the Apex Bank by the primary societies stands at nearly Rs.28 lakhs.

4. At the same time, the high rated deposits which the Bank had attracted from 1927-28 have begun to mature and the Bank has to repay before the end of 1941-42 a sum of nearly Rs.22 lakhs, while the total liquid assets of the Bank do not exceed Rs.7.5 lakhs. The Bank has to meet an immediate liability of Rs.9.5 lakhs to the depositors during 1938-39 and 1939-40.

5. The Bank has, in the circumstances set forth above, approached Government for assistance in the shape of (1) removing the prohibition of granting advances to non-members on the security of their deposits, (2) exempting co-operative societies indebted to the Apex Bank from the operation of the Agricultural Relief Act, (3) granting a loan immediately of Rs. four lakhs and (4) permitting the Bank to float a debenture ~~loan~~ of Rs.20 lakhs carrying interest at 3½ per cent with Government guarantee for principal and interest.

6. The question as to how the Bank has to be assisted in the present financial condition was discussed at a meeting with the President of the Bank, the Registrar of Co-operative Societies, the Revenue Commissioner and the Financial Secretary to Government. In addition to the requests referred to in para 5 above the Bank represented that special Inspectors of Co-operative Societies may be appointed to effect speedy recovery of the frozen debts, the entire cost being met by Government as in the case of the Land Mortgage Scheme and that the provision of Section 66 of the

69

Co-operative Societies Act should be extended to the societies indebted to the Apex Bank.

7. After due and careful consideration, Government have already issued orders permitting the Bank to grant advances to non-member depositors on the security of their deposits, for a further period of three years. The payment of Rs.1,5 lakhs sanctioned to the Bank in 1935 for financing House Building Societies has been authorised and the condition that it should be exclusively used for the purpose referred to has been waived. The Societies indebted to the Apex Bank have been exempted from the operation of the Agricultural Relief Act though Government have not been able to agree to the proposal of the Bank regarding the extension of the provision of Section 66 of the Co-operative Societies Act to the societies indebted to it. The Apex Bank has been also notified as an approved Bank under the Mysore Companies Act for depositing moneys received by a Company under certain sections of the Act in order to infuse public confidence in the Bank.

8. The question of permitting the Bank to raise debenture was further considered and as a result of this Government are pleased to direct that the Bank be allowed a cash credit of Rupees Five Lakhs at 4½ per cent to be drawn when considered necessary deferring the question of floating debenture for a period of six months.

9. In this connection, Government wish to impress on the Bank the grave responsibility that rests on its shoulders in the matter of rehabilitation of the affairs of the institution. Government have, from time to time come forward to render assistance to the Bank in their hour of need and it is the Bank that has now to see that the help rendered in various ways does not go in vain. From the information received they find that more than half the outstandings is from Bangalore and Tumkur Districts and a sum of nearly Rs.5.5 lakhs from Kadur and Shimoga Districts. The Bank will have to concentrate its attention on the recovery of its dues with the

4

169 170

help of its own Inspectorate and the co-operation of the Departmental staff. The Registrar is also requested to render the Bank such assistance and co-operation as may be necessary in order to achieve this object of speedy recovery and rehabilitation of the finances of the Bank. The Revenue Commissioner is also requested to instruct the Deputy Commissioners of Districts to afford the Bank and the Departmental officers necessary facilities for the speedy execution of decrees and recovery of the arrears.

10. The Bank has to push through vigorously the revaluation of the securities and make attempts to have the loans properly secured and should arrange to collect at least Rupees two lakhs every year towards its outstandings in addition to the normal transactions in order to collect the whole amounts within a period of ten years. Government hope that the Bank and the Department will take such action as will enable the institution to tide over the present ~~xxixixxxxixxx~~ crisis as early as possible and to infuse the confidence that the premier Apex Institution in the State should command.

(Sd) P. H. Krishnaiah
Secretary to Government,
Local Self-Government Department.

To

The Registrar of Co-operative Societies in Mysore.
The Comptroller to Government, through Fin.Dept.
The Revenue Commissioner in Mysore.

Press Copy

S/10.

Hanumaiah Raja

for Secretary to Government
1975
Local Self Government Department

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. 9811-13—C. S. 11-36-320, dated 13—16th May 1939.

The Mysore Provincial Co-operative Apex Bank, Ltd.

Passes orders regarding the financial assistance to the ——.

READ—

Correspondence ending with letter No. 9237, dated 6th February 1939, from the Registrar of Co-operative Societies, in the matter of granting certain financial assistance to the Mysore Provincial Co-operative Apex Bank, Ltd.

ORDER No. D. 9811-13—C. S. 11-36-320, DATED BANGALORE THE 13—16TH MAY 1939.

In accordance with Government Orders Nos. I. C. 6492-563—C. S. 34-23-11, dated 30th March 1925 and D. 5992-3—C. S. 40-26-7, dated the 6th December 1927, the Mysore Provincial Co-operative Bank, Ltd., was reconstructed into an Apex Bank for financing primary societies throughout the State. In Government Order No. D. 10897-918—C. S. 82-26-4, dated 7th June 1927, Government intimated their readiness to advance to the Bank up to one lakh of rupees on terms to be mutually agreed upon as regards the rate of interest and repayment. In their Order No. D. 11283-92—C. S. 128-26-8, dated 22nd June 1927, Government sanctioned to the Bank, for financing primary house building societies, a loan of one lakh of rupees at 5 per cent interest for the first two years and 5½ per cent for the third year and allowed a cash credit of another lakh of rupees.

2. As the Bank had attracted sufficient capital by way of deposits, it did not avail itself of the above concessions but financed from its own funds the primary societies—house building, agricultural and non-agricultural—to the extent of nearly thirty-three lakhs of rupees. In addition to this, the Bank also advanced loans to non-member depositors on the security of their deposits.

3. The economic depression which swept over the whole world had its effect on the transactions of this Bank also. Loans had been given to societies for financing agriculturists on the security of the lands at the valuation then existing. Since 1930-31 prices of agricultural commodities went down heavily, disabling the agriculturist from repaying his debts with the result that the balance against him and the societies mounted up. In spite of attempts made to recover as much money as possible, the amount due to the Apex Bank by the primary societies stands at nearly Rs. 28 lakhs.

4. At the same time, the high rated deposits which the Bank had attracted from 1927-28 have begun to mature and the Bank has to repay before the end of 1941-42 a sum of nearly Rs. 22 lakhs, while the total liquid assets of the Bank do not exceed Rs. 7·5 lakhs. The Bank has to meet an immediate liability of Rs. 9·5 lakhs to the depositors during 1938-39 and 1939-40.

5. The Bank has, in the circumstances set forth above, approached Government for assistance in the shape of (1) removing the prohibition of granting advances to non-members on the security of their deposits, (2) exempting co-operative societies indebted to the Apex Bank from the operation of the Agricultural Relief Act, (3) granting a loan immediately of Rs. 4 lakhs and (4) permitting the Bank to float a debenture of Rs. 20 lakhs carrying interest at 3½ per cent with Government guarantee for principal and interest.

6. The question as to how the Bank has to be assisted in the present financial condition was discussed at a meeting with the President of the Bank, the Registrar of Co-operative Societies, the Revenue Commissioner and the Financial Secretary

to Government. In addition to the requests referred to in para 5 above, the Bank represented that Special Inspectors of Co-operative Societies may be appointed to effect speedy recovery of the frozen debts, the entire cost being met by Government as in the case of the Land Mortgage Scheme and that the provisions of Section 66 of the Co-operative Societies Act should be extended to the societies indebted to the Apex Bank.

7. After due and careful consideration, Government have already issued orders permitting the Bank to grant advances to non-member depositors on the security of their deposits, for a further period of three years. The payment of Rs. 1·5 lakhs sanctioned to the Bank in 1935 for financing house building societies has been authorised and the condition that it should be exclusively used for the purpose referred to has been waived. The societies indebted to the Apex Bank have been exempted from the operation of the Agricultural Relief Act though Government have not been able to agree to the proposal of the Bank regarding the extension of the provision of Section 66 of the Co-operative Societies Act to the societies indebted to it. The Apex Bank has been also notified as an approved Bank under the Mysore Companies Act for depositing moneys received by a company under certain sections of the Act in order to infuse public confidence in the Bank.

8. The question of permitting the Bank to raise debenture was further considered and as a result of this Government are pleased to direct that the Bank be allowed a cash credit of Rs. 5 lakhs at 4½ per cent to be drawn when considered necessary deferring the question of floating debenture for a period of six months.

9. In this connection, Government wish to impress on the Bank the grave responsibility that rests on its shoulders in the matter of rehabilitation of the affairs of the institution. Government have, from time to time, come forward to render assistance to the Bank in their hour of need and it is the Bank that has now to see that the help rendered in various ways does not go in vain. From the information received, they find that more than half the outstandings is from Bangalore and Tumkur Districts and a sum of nearly Rs. 5·5 lakhs from Kadur and Shimoga Districts. The Bank will have to concentrate its attention on the recovery of its dues with the help of its own Inspectorate and the co-operation of the departmental staff. The Registrar is also requested to render the Bank such assistance and co-operation as may be necessary in order to achieve this object of speedy recovery and rehabilitation of the finances of the Bank. The Revenue Commissioner is also requested to instruct the Deputy Commissioners of Districts to afford the Bank and the departmental officers necessary facilities for the speedy execution of decrees and recovery of the arrears.

10. The Bank has to push through vigorously the revaluation of the securities and make attempts to have the loans properly secured and should arrange to collect at least Rs. 2 lakhs every year towards its outstandings in addition to the normal transactions in order to collect the whole amounts within a period of ten years. Government hope that the Bank and the department will take such action as will enable the institution to tide over the present crisis as early as possible and to infuse the confidence that the premier Apex Institution in the State should command.

P. H. KRISHNA RAO,
Secretary to Government,
Local Self-Government Department.

To—The Registrar of Co-operative Societies in Mysore.
The Comptroller to Government through the Financial Secretariat
The Revenue Commissioner in Mysore.

Exd—C. K.

WD 1939—GPE—470—1-6-39